



Procedures Manual

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Contents

Introduction	1
Purpose	1
Structure	2
Membership in the MERS® System	3
Overview	3
Impact	3
Business Procedure	3
Using a Third Party Originator	4
Reports	4
System Security	5
Overview	5
Impact	6
Business Procedure—MERSCORP	6
Business Procedure—Member	6
Business Procedure—When Using Third Party Service Providers	8
Business Procedure – Associated Member	8
Reports	9
Business Procedure — My MERS	10
Business Procedure — Transaction Default Settings	11
Reports	11
Member Information	12
Overview	12
Impact	13
Business Procedure—Member	13
Business Procedure—MERSCORP	15
Reports	15
Business Procedure - Member Lockout	16
Reports	16
Member Corporate Name Changes	17
Overview	17
Impact	17
Business Procedure	17
Reports	18
Mortgage Identification Number (MIN)	19
Overview	19
Impact	20
Business Procedure for Creating a MIN	20

MOM and Non-MOM Loan Registration	23
Overview	23
Impact	24
Business Procedure – Initial Registration	25
Business Procedure – Post-Closing Registration	28
Business Procedure – Re-registration after Reversal	29
Business Procedure – Re-registration after Deactivation	30
Reports	31
MERS® iRegistration	32
Overview	32
Impact	33
Business Procedure – iRegistration	34
Business Procedure – Post-Closing iRegistration	37
Business Procedure – iRegistration after Reversal	38
Business Procedure – iRegistration after Deactivation	39
Reports	40
Conversion from iRegistration to Non-MOM	41
Overview	41
Impact	41
Business Procedure	42
Reports	43
Pre-Closing Registration	44
Overview	44
Impact	44
Business Procedure – Pre-Closing	45
Business Procedure – Pre-Closing after Reversal	47
Reports	48
Registration Reversal	49
Overview	49
Impact	49
Business Procedure	50
Reports	50
Co-op Processing	51
Overview	51
Impact	51
Business Procedure	51
Reverse Mortgage Processing	52
Overview	52
Impact	52
Business Procedure	52

Construction Loan Processing	53
Overview	53
Impact	53
Business Procedure—One-Step Closing	53
Closed on a MOM Security Instrument	53
Closed on a Standard Security Instrument and Assigned to MERS	54
Closed on a Standard Security Instrument and Not Assigned to MERS (iRegistration)	55
Business Procedure—Two-Step Closing	56
MERS® System Registered Loans in Rated Securities	58
Overview	58
Impact	58
Business Procedure	59
Reports	59
Transfer of Beneficial Rights	60
Overview	60
Transfer of Beneficial Rights	61
Overview	61
Impact	64
Business Procedure—Option 1	65
Business Procedure—Option 2	66
Reports	68
Transfer of Beneficial Rights to Non-MERS® System Member Investors	69
Overview	69
Impact	69
Business Procedure	69
Reports	70
Removing Interim Funder Security Interests	71
Overview	71
Impact	71
Business Procedure—TOB Option 1	72
Business Procedure—TOB Option 2	72
Reports	73
Removing Warehouse Gestation Lender Security Interests	74
Overview	74
Impact	74
Business Procedure—TOB Option 1	75
Business Procedure—TOB Option 2	75
Reports	76

Transfer of Servicing Rights	77
Overview	77
Impact	78
Flow Transfer of Servicing Rights	81
Seasoned Transfer of Servicing Rights.....	82
Involuntary Transfer/Default by Servicer-Loans transferred to MERS® System Member	83
Involuntary Transfer/Default by Servicer-Loans transferred to non-MERS® System Member	84
Processing.....	85
Business Procedure	87
Reports	88
TOS/TOB Combination	89
Overview	89
Impact	89
Transfer Dates.....	90
Business Procedure	92
Reports	94
Deactivations	95
Overview	95
Involuntary Transfer/Default by Servicer (<i>MERSCORP Only Transaction</i>).....	95
Overview	95
Impact	96
Business Procedure	96
Reports	97
Foreclosure	98
Overview	98
Impact	99
Business Procedure	99
Reports	100
Paid in Full (includes Short Sales, Deeds in Lieu, and Charge Offs not associated with a foreclosure completion).....	101
Overview	101
Impact	101
Business Procedure—Paid in Full	102
Reports	102
Transfer to Non-MERS Status	103
Overview	103
Impact	103
Business Procedure—Transfer to Non-MERS Status.....	103
Reports	104
Deactivation Reversals	105
Overview	105
Impact	105
Business Procedure	106
Reports	106

Modification Agreements	107
Overview	107
Impact	107
Business Procedure	108
Reports	108
Consolidation, Extension, and Modification Agreements	109
Overview	109
Impact	110
Business Procedure	111
Reports	112
Assumption of Mortgage	113
Overview	113
Impact	113
Business Procedure	114
Reports	114
Property Preservation	115
Overview	115
Impact	116
Business Procedure	116
Reports	117
Reporting	119
Overview	119
Impact	120
Business Procedure – Retrieving Reports	120
Business Procedure – Requesting a Portfolio Analysis Report	121
Reports	123
MERSCORP Mail Services	124
Overview	124
Impact	125
Business Procedure	125
Reports	127
MERSCORP Help Desk	128
Overview	128
Impact	129
Business Procedure—Help Desk	129
Business Procedure—MERS® ServicerID	131
Business Procedure—Servicer Identification System (SIS)	132
Business Procedure—MERS® Link	133
Business Procedure—XML Inquiry	134
Business Procedure—Batch Inquiry	135
Reports	135
Glossary	136

Introduction

Purpose

This manual serves as a general overview of how business processes in mortgage banking are affected by MERS® System policies and procedures. This information will help you assess the impact of the MERS® System on your own business and business processes. Use this manual in conjunction with other sources of instruction and guidelines, including, but not limited to the following:

- [MERS® OnLine User Guide](#)
Gives step-by-step instruction for using MERS® OnLine
- [MERS® Integration Handbook, Volume I](#)
Provides detailed information on becoming MERS® Ready
- [MERS® Integration Handbook Volume II](#)
Provides the technical specifications for interacting with the MERS® System. This manual is of most use to Members that send flat file or EDI X12 transmissions.
- [MERS® System Reports Handbook](#)
Provides descriptions of available MERS® Reports
- [MERS® EDI Implementation Guide](#)
For Members who are using the EDI X12 interface
- [MERS® Quality Assurance Procedures Manual](#)
Details MERS® System requirements for Quality Assurance
- [MERS® Lite Tool Kit](#)
Useful for Lite Members (Members who don't service MERS® System registered loans)

These documents are available from the corporate website at www.mersinc.org.

Structure

Each chapter contains four parts:

- *Overview.* The overview gives a brief description of the process or function and how it relates to the MERS® System.
- *Impact.* The impact states what types of organizations the process affects.
- *Business Procedures.* The business procedure gives a step-by-step view of the process, including business-related steps and general MERS® System instruction. The business procedure lists information that *can* be entered onto the MERS® System. Specific system instruction, including system-required fields, is found in the [MERS® OnLine User Guide](#). More information about which fields are required procedurally may be found in the [MERS® Quality Assurance Procedures Manual](#).
- *Reports.* This section lists reports produced during the business process. For a detailed description of each report, see the [MERS® System Reports Handbook](#).

Membership in the MERS[®] System

Overview

Participants from all sectors of the real estate finance industry have varying levels of access and use of the MERS[®] System. These participants include lenders, investors, servicers, brokers, custodians, and title companies. Some participants are Members; some are not, depending on their needs. Each Member goes through an application and approval process, which is outlined in the following pages, to become a Member of the MERS[®] System.

Impact

This process has potential impact on all new MERS[®] System Members.

Business Procedure

For more detailed information regarding technical requirements and network connectivity, refer to the [MERS[®] System Integration Handbook Volume II](#), which is available on the corporate website at www.mersinc.org. The [MERS[®] EDI Implementation Guide](#) is also available on the website.

1. Submit a completed MERS[®] System application to MERSCORP, Inc. Offices.
 - You will be assigned an Org ID
 - The MERSCORP Membership Team will work with you on preliminary steps to get you ready for MERS[®] System integration, including:
 - Identify an implementation Project Manager
 - Form an integration team
 - Notify technology vendors of your intention to become a MERS[®] System Member
 - Notify investors, document custodians, and warehouse gestation lenders of your intentions to become a MERS[®] System Member
 - Set a target implementation date
 - Determine if new business partner agreements are needed
 - Once these preliminary steps are done, the Membership Manager will recommend your company for integration.

2. During integration, you will:
 - Confirm your implementation date
 - Confirm your document preparation system has MERS language
 - Confirm you can generate a valid MIN
 - Document your revised MERS® System process flows
 - Determine your system access and security levels in accordance with your line of business and transaction requirements
 - Install system interfaces to the MERS® System, if needed
 - Develop the required servicing or origination system and document preparation enhancements, if needed
 - Test the required servicing or origination system enhancements, if needed
 - Develop and implement a quality assurance program for the MERS® System, and submit your MERS® System quality assurance plan to MERSCORP, Inc.
 - Attend a MERS® OnLine training session
 - Train your staff on the use of the MERS® System
3. After integration, you will:
 - Be given access to the Corporate Resolution Management System (CRMS) to propose officers of your company as MERS Signing Officers
 - Complete the Customer Integration survey

Using a Third Party Originator

As of March 31, 2012, any broker or affiliate originating “MERS as Original Mortgagee” (MOM) loans must be a MERS® System Member. You may register the loans on the MERS® System for your broker or affiliate, but must enter their Org ID in the Originating Org ID field.

If you buy closed loans from a broker or affiliate who is not a MERS® System Member, you can have the originator assign each loan to Mortgage Electronic Registration Systems, Inc. and you will need to register the loans on the MERS® System as Non-MOM, entering the non-Member originator’s name in the Original Note Holder field.

Reports

No reports are associated with obtaining MERS® System membership.

System Security

Overview

There are three levels of identity validation within the MERS® System security scheme:

- Org ID
- User ID
- User Password

Any attempt to access the system is denied unless all three tiers of security have been satisfied. MERSCORP, Inc. assigns your Org ID, which identifies your organization, when your membership application is approved. At the Org ID level, the system stores your Member Information (lines of business, contact information, etc.).

Your Lines of Business (LOBs) under Member Information determine which MERS® System functions you will be able to access. For example, a Custodian can only view loans for which it is the Custodian, and cannot access transfer of beneficial rights or loan modifications.

Your MERS® System Administrator is responsible for establishing and maintaining the security that controls access to the MERS® System and specific processes within the MERS® System. Your System Administrator establishes User IDs and Passwords and assigns users to specific roles that enable certain levels of access in the MERS® System. The System Administrator also resets passwords, reactivates User IDs, and deletes unused User IDs.

See the [MERS® OnLine User Guide](#) for complete instructions on setting up and maintaining User IDs and security roles.

As defined by a contractual agreement, your organization may grant security access to a third party to process specific transactions (e.g. MERS® System Members that are known as Registrars may be authorized by you to perform registrations, transfers, updates and lien releases on your behalf) by setting up a Vendor relationship, but you may assign User IDs only to persons within your organization.

Impact

The security process affects the following organizations:

- All MERS[®] System Members
- MERSCORP, Inc. Offices

Business Procedure—MERSCORP

Your Business Integration Resource (BIR) enters the following information on the MERS[®] System regarding your organization.

- Org ID
- Company Name
- Corporate Address
- Phone
- Fax
- Corporate website address
- Parent company, if applicable
- FHA approved indicator
- Agency ID(s)
- Organization's Line(s) of Business
- Contact information
- Membership date

Your BIR also provides the MERSCORP Help Desk and Mail Room with the email address you provide for official notices, including service of process we receive on your behalf. If this email address changes, you must notify the Help Desk immediately.

Business Procedure—Member

1. Your MERS[®] System Project Manager identifies a MERS[®] System Administrator.
2. After your Business Integration Resource (BIR) has set up and activated your company on the MERS[®] System, your System Administrator is responsible for keeping the Member Information current, and notifying MERSCORP if your address, telephone number, or email address change.

You are responsible for keeping the following information current once your organization is activated on the MERS® System.

- Company Name
(Notify MERSCORP if this information changes; only MERSCORP can change Company Name on the MERS® System)
 - Corporate Address
(Also notify MERSCORP if this changes)
 - Phone (Also notify MERSCORP if this changes)
 - Fax (Also notify MERSCORP if this changes)
 - Corporate website address
 - Investor Alternate Address and Indicator
 - Servicer/Subservicer Alternate Address and Indicator
 - FHA approved indicator
(Notify MERSCORP if this information changes; only MERSCORP can change this indicator on the MERS® System)
 - Agency ID(s)
(Notify MERSCORP if this information changes; only MERSCORP can change Agency IDs on the MERS® System)
 - Contact information
(Also notify MERSCORP if primary contact changes.)
3. Your System Administrator assigns each user within your organization a unique User ID on the MERS® System.
 4. Your System Administrator assigns a security role to each User ID.
 5. Your System Administrator resets passwords, deactivates User IDs and deletes User IDs and Security Roles no longer needed.
 6. Your System Administrator maintains your Member Information section of MERS® OnLine including Address, Phone/Fax numbers, URL Address and Contact List.
 7. Your System Administrator can also give authority to third party providers so they can perform specific functions on behalf of your company by setting up a Vendor relationship, but no third party may be provided a User ID under your Org ID

If the email address to which official notices for your organization should be sent changes, you must notify the Help Desk immediately.

Business Procedure—When Using Third Party Service Providers

Your organization may grant security access to the MERS® System to third parties to process specific transactions on your behalf.

Your System Administrator sets up this security through the Member Information Relationships section of MERS® OnLine by adding Vendor relationships. The transactions that may be processed by these vendors are:

- Registrations
- Transfers
- Lien Releases
- Updates
- Inquiries

You may not set up a User ID under your Org ID for a third party.

Business Procedure – Associated Member

The MERS® System provides all Associated Members a central point to obtain information on a MIN (i.e. current Servicer, current Investor, Assignment information) with which they are associated.

Any Member can be identified as an Associated Member on a MIN, provided it is an active MERS® System Member with a valid Org ID. The following Lines of Business define Associated Members on the MERS® System:

- ☐ Collateral Agent
- ☐ FHLB/FRB
- ☐ Government Housing Agency
- ☐ Master Servicer
- ☐ Mortgage Insurance Co.
- ☐ Trustee
- ☐ Warehouse/Gestation Lender
- ☐ Property Preservation Company
- ☐ Other

At the MIN level, the Servicer or Subservicer may identify the following types of Associated Members:

- ☐ Collateral Agent
- ☐ FHLB/FRB
- ☐ Government Housing Agency
- ☐ Master Servicer
- ☐ Mortgage Insurance Company
- ☐ Trustee
- ☐ Warehouse/Gestation Lender
- ☐ Alternate Custodian 1-4
- ☐ Participation Investor 1-4
- ☐ Other 1-4
- ☐ Property Preservation Company 1-4

Reports

The following reports will list Associated Member interest on MINs from updates received from both batch processing (Flat File/X12) and MERS[®] OnLine. For detailed descriptions of these reports, see the [MERS[®] System Reports Handbook](#):

- * *Change Notification Report (VB)*
- * *MIN Milestone Report (VA)*
- * *Registration Rejects/Warning Report (RG)*
- * *Seasoned Registration Rejects/Warning Report (RB)*
- * *Maintenance Rejects/Warning Report (MB)*

Business Procedure — My MERS

The MERS[®] System provides you the ability to customize the list of organizations that appear within the pop up lists on the Registration, Transfer of Beneficial Rights, Transfer of Servicing Rights and MIN Information windows through the use of My MERS. This enables you to see only the list of organizations with which you currently do business. To customize the pop up lists, you must define those relationships within your profile and turn on the My MERS option.

Within the Relationships section of the Member Information, you can select which relationship to view, create or delete. The different types will appear at the top of the Relationships page in alphabetical order and include:

- Collateral Agent
- Custodian
- FHLB/FRB
- Government Housing
- Interim Funder
- Investor
- Master Servicer
- Mortgage Insurance Company
- Other
- Property Preservation Company
- Servicer
- Subservicer
- Trustee
- Vendor
- (also included to incorporate Third Party security functionality)
- Warehouse/Gestation Lender

Active Members with a line of business equal to the selected Relationship Type will appear in the pop-up list. (Inactive Members will not appear in the pop up list.) MERS[®] System Lite Members will not show on pop up Org ID lists on a registration or transfer transaction because it is unlikely another Member will name a Lite Member. Lite Members can, however, be named in these transactions.

When you have defined your Member Information Relationships, use the Member Information My MERS option to turn on this option. The system will not allow you to turn on the My MERS functionality if your organization has a Vendor Line of Business.

Business Procedure — Transaction Default Settings

You can also define default values for the rights holders and option selections that appear on the Registration, Create TOS, and Create TOS/TOB pages in MERS® OnLine, using the Member Information Transaction Default Settings option.

Registration Settings allow you to enter the lien type, MOM indicator, Pre-Closing indicator, rights holder Org IDs, and Originating Organization Occupied information you usually enter during Registration. Once entered in Registration Settings, this information appears whenever you initiate a new registration, so you don't need to enter it for each loan. To enter different information for a particular loan, just enter it as you would if you hadn't used Registration Settings.

TOS Settings allow you to enter the rights holder Org IDs and Delete Current Custodian option you usually enter when creating a Transfer of Servicing Rights (TOS) or Transfer of Servicing and Beneficial Rights (TOS/TOB) transaction. Once entered in TOS Settings, this information appears whenever you initiate a new transfer transaction, so you don't need to enter it for each transfer. To enter different information for a particular transfer, you just enter it the same way you would if you hadn't used TOS Settings.

Reports

There are no reports associated with the My MERS or Default Transaction Settings process.

Member Information

Overview

Your organization is required to maintain certain portions of your Member Information to define processing options, billing information, document handling, and contact information. Your MERS® System Administrator also maintains information that controls system access and security. Some portions of the Member Information screens can only be changed by MERSCORP.

You may change the information within your Member Information at any time; however, MERSCORP recommends that you designate one person as a contact for these changes, generally your System Administrator.

Besides maintaining your Member Information on the MERS® System, you are responsible for notifying MERSCORP when there is a change to your corporate name, address, telephone or fax number, or email address for document images and official notices. You can use the [Company Information Change Request](#) form available on the corporate website to notify MERSCORP of these changes.

Notification requirements for corporate name changes are described in the [Member Corporate Name Changes](#) chapter. Your notification of address and email changes should include:

- Org ID
- Organization Name
- Member Type (General, Lite, or Patron)
- Other Org IDs affected by change
- Name, title, and email address of contact submitting notification
- If address is changing:
 - Old address
 - New address
 - Which offices/contacts are affected
 - Effective Date
- If email address is changing:
 - Old email address
 - New email address
 - Effective Date

- If telephone or fax number is changing:
 - Old number
 - New number
 - Effective Date

Impact

- The maintenance of the Member Information affects all MERS® System Members.

Business Procedure—Member

1. You can update the following general information in your Member Information:
 - Official Corporate Address
(Used in the Member Summary for your organization)
You must also notify MERSCORP directly if this information changes
 - Regular Address
(Used by the MERSCORP Mail Center to distribute original mortgage documents received for your organization)
 - Overnight Address, carrier and account information
(Used by the MERSCORP Mail Center to distribute original mortgage documents received for your organization if you have chosen to have them delivered via overnight delivery)
 - Investor Alternate Address and Telephone
(If indicator is selected, this address is used by MERS® ServicerID, and by the telephone Servicer Identification System, for MINs on which your organization is the Investor)
 - Servicer/Subservicer Alternate Address and Telephone
(If indicator is selected, this address is used by MERS® ServicerID, and by the telephone Servicer Identification System, for MINs on which your organization is the Servicer or Subservicer)
 - Toll Free Phone number
 - Corporate Fax number
 - Corporate Web address
 - Relationships

2. You must maintain the following contact information in your Member Information:

Your organization is responsible for keeping all contact names, addresses, email addresses and telephone numbers current, and for notifying MERSCORP if your corporate name, address, or notification email address changes.

- Title
- Name
- Phone number and extension
- Email address
- Pager number
- Fax number
- Address
- City
- State
- Zip code
- Contact Type
 - Accounts Billing*
 - Primary System Administrator*
(MERSCORP Help Desk refers user security requests for your organization to this contact)
 - Secondary System Administrator
 - Primary Customer Service*
 - Secondary Customer Service
 - Legal*
 - Operational*
(at least one is required – if only one contact of this type remains, it can be updated but not deleted)
 - Property Preservation
(for MERS® System Members and MERS® Link Subscribers to contact regarding property maintenance issues)
 - Quality Assurance Officer*
 - Mail Room
 - Executive Sponsor*
 - Compliance Officer
 - Technical
(Required if using system-to-system interface)
 - eRegistry
(required for MERS® eRegistry Members)

*Required contact – may be updated, but not deleted.

You can designate multiple contacts for all contact types except Accounts Billing, Primary Customer Service and Primary System Administrator.

3. You must maintain the following option information.
 - *Number of Password Expiration Days.* The number of days before a user's password expires.
 - *XML Password.* The password used to submitting XML Registration transactions.

Business Procedure—MERSCORP

MERSCORP maintains a portion of your organization's profile as well. You can view this information, but you cannot update it. Contact ppd@mersinc.org if you need MERSCORP to update this information.

- Member Name
(MERSCORP requires official notification to update; see [Member Corporate Name Changes](#))
- Parent Org
- Lines of business
- FHA approval flag
- Investor Options
- Servicer Options
- Subservicer Options
- Agency IDs
- Document Handling Instructions
- Registration by Others flags
(May be used to block other Members from registering a loan showing your organization as Investor, Servicer, or Subservicer.)
- Automated Password Reset flag
(Allows users to establish challenge questions to be used to log into the system if they forget their password)
- eRegistry and eDelivery Options

If Overnight Mail is requested, you must provide MERSCORP with your Corporate Airbill Number.

Reports

No reports are associated with maintaining the Member Information.

Business Procedure - Member Lockout

In the event an Investor is involved in a dispute with a Warehouse Lender, Servicer or Subservicer, the Investor can request that MERSCORP take action to prevent activity on the disputed MINs by that Servicer/Subservicer.

1. The Investor will notify MERSCORP in writing of the dispute with the Servicer/Subservicer or Warehouse Lender, and produce proof of ownership.
2. MERSCORP will process the request within five business days of receipt.
3. MERSCORP can process a lockout at any of several levels:
 - Lockout all activity for an Org ID
 - Lockout all activity for a specified LOB for an Org ID
 - Lockout activity on specific MINs for an Org ID
4. Regardless of the lockout level, all Org IDs associated with impacted MINs can view MIN information. Also, a transfer transaction will be allowed if it transfers the MIN out of the relationship between the Member in troubled status and the disputing Member.
5. The Investor will notify MERSCORP when the dispute is settled and when the restriction to system or MIN access for that Servicer/Subservicer can be reactivated.

Reports

Error messages appear on the following reports for processing that was stopped due to a Servicer being locked out. For detailed descriptions of these reports, see the [*MERS[®] System Reports Handbook*](#):

- * *Seasoned Registration Rejects /Warnings (RB)*
- * *Registration Rejects/Warnings (RG)*
- * *Transfer of Beneficial Rights Rejects (BF)*
- * *Physical Transfer of Servicing Rights (SC)*
- * *Foreclosure Reject Report (DF)*
- * *Payoff Reject Report (DP)*
- * *Transfer to Non-MERS Status Reject Report (DQ)*
- * *Default by Servicer to Non-Member Rejects Report (DR)*
- * *Assumption Rejects/Warnings (AB)*
- * *Maintenance Rejects/Warnings (MB)*

Member Corporate Name Changes

Overview

Because of mergers, acquisitions and other business events, your corporate name as recorded in the MERS® System may need to be changed. Please review the MERS® System Membership Agreement, Rules of Membership, and Terms and Conditions for policies pertaining to these events.

You must notify MERSCORP in writing at least 30 days before a name change becomes effective. MERSCORP will make the change on the MERS® System.

Impact

- This process has potential impact on all MERS® System Members.

Business Procedure

1. MERSCORP requires official written notification for all corporate name changes. Use the [Company Information Change Request](#) form available on the corporate website.

The notification must be completed by an officer of your company and sent to MERSCORP no less than thirty (30) calendar days before the effective date.

The notification must include the following information:

- Member Org ID
- Old corporate name
- New corporate name
(Must be unique within MERS® System)
- Effective date of the name change
- Reason for name change (e.g. merger)
- Member Type (General, Lite, or Patron)
- Other Org IDs affected by change
- Name, title, and email address of company officer submitting notification

2. MERSCORP updates your corporate name in the MERS[®] System on the effective date specified.
3. The new corporate name appears anywhere your member name is linked to its Org ID. For example, on all pop up lists in the MERS[®] System, registered loans and batch transactions in the system, and reports produced thereafter will show the new name. However, the Assignee and Assignor fields are free form fields and are not linked to the Member's Org ID; therefore, the name change will not appear in those fields.
4. If you have a Corporate Resolution, you will need to request one with your new company name using the Corporate Resolution Management System (CRMS).

Reports

No reports are associated with changing Member Information.

Mortgage Identification Number (MIN)

Overview

A MIN in X12 file or flat file format does not include dashes between the components.

The Mortgage Identification Number (MIN) is the unique 18-digit number permanently assigned to a mortgage registered on the MERS® System. To process information on the MERS® System, you must enter the MIN.

A MIN consists of 18 digits, composed of three components of numeric characters:

- Component 1: Seven-digit organization identification number (Org ID) of the organization that generated the MIN*. You will be notified by MERSCORP of your Org ID. Like the rest of the MIN, the Org ID never changes, regardless of servicing transfers. For example, in the MIN 9594567-0123456789-8, **the Org ID is 9594567.**

*The exception to this is MINs generated through MERS® 1-2-3, which begin with 1230000.

- Component 2: 10 numeric characters of a sequence number assigned by you. You can use existing numbers, such as loan numbers, as the sequence number, or you can use randomly generated sequence numbers, as long as you never re-use the number. For example, in the MIN 9594567-0123456789-8, **the sequence number is 0123456789.**

- Component 3: One numeric check digit calculated by you using the Mod 10 Weight 2 Algorithm, listed in the Business Procedure of this section. For example, in the MIN 9594567-0123456789-8, **the check digit is 8.**

9594567-0123456789-8

A MIN is unique and must never be reused. However, it can be reactivated if it was deactivated because servicing was sold to a non-MERS® System Member Servicer then transferred back to a MERS® System Member. The new Servicer would then register the MIN to reactivate it.

The MERS® System validates MINs at registration by checking for duplicate MINs, ensuring the check digit is properly calculated, and that the first seven digits of the MIN match an Org ID set up in Member Information in the MERS® System.

Impact

This process has potential impact to the following types of organizations:

- Servicers
- Subservicers
- Originators
- Third-Party Originators
- Investors
- Document Custodians
- Associated Members

Business Procedure for Creating a MIN

Your company assigns the unique 10-digit sequence number. You can never re-use a sequence number.

Your company may have a utility that automatically calculates the check digit for you.

1. The seven numeric digits of your Org ID will be assigned by MERSCORP.
2. Determine the 10 numeric characters of the sequence number.
3. Determine the check digit, using the MOD 10 Weight 2 Algorithm. The calculation follows:
 - A. The units (i.e., the rightmost) position and every alternate position of the base number (from right to left) are multiplied by two. Any carry is added to the product of the next multiplication operation. If there is a carry on the last multiplication operation, it is immediately added to the product.
 - B. The digits in the products and the digits in the base number not multiplied by two are added together.
 - C. The total is subtracted from the next higher number ending in zero. If the total ends in zero, the number is subtracted from itself.
 - D. The difference is the check digit.

See [Quality Assurance Procedures Manual](#) for the location of the MIN on documents. However, individual county recording requirements may vary. If there is a conflict with county requirements, comply with the county requirements.

For blanket assignments, the corresponding MIN must appear with each security instrument covered by the blanket assignment.

DOCUMENT	PROCESS	REQUIREMENT
Mortgage or Deed of Trust	Loan registered at origination	The MIN and Servicer Identification System (SIS) number (888-679-MERS) are required on the security instrument for MOM loans. The MIN is highly recommended on non-MOM security instruments.
Note	Loan registered at origination	It is highly recommended that you include the MIN on the Note. Check with individual investors for specific delivery requirements.
Assignment	Loan registered at origination	The MIN and the SIS number are required on the Assignment To MERS .
	Loan registered more than 270 days after note date.	The MIN and the SIS number are required on the Assignment To MERS .
Lien Release/ Satisfaction	Payment in full of mortgage	The MIN and the SIS number are required on the lien release for MOM and Non-MOM loans.
Assumption	Change in Borrower	The MIN and the SIS number are required on any assumption recorded in the county land records for MOM and Non-MOM loans.
Modification	Change in loan terms	The MIN and the SIS number are required on any modification recorded in the county land records for MOM and Non-MOM loans.
Subordination Agreement	Subordination to additional loan	The MIN and the SIS number are required on any subordination agreement recorded in the county land records for MOM and Non-MOM loans.

MOM and Non-MOM Loan Registration

Overview

Registration is the process for entering information to activate a loan on the MERS® System. You can register:

There are three methods of submitting Registration transaction to MERS:

- ☐ Using our browser-based application, MERS® OnLine.
- ☐ System to System
- ☐ Using a synchronous XML transaction

- A MOM loan you have just closed
(Note: As of March 31, 2012, only a MERS® System Member may originate a MOM loan.)
- A seasoned loan you've purchased
- A loan originated on a standard security instrument and then assigned to Mortgage Electronic Registration Systems, Inc. ("MERS")
- A loan for which the prior registration was reversed
- A loan that was assigned out of MERS and deactivated for reason of Transfer to non-MERS Status and then assigned back to MERS when purchased by a MERS® System Member.
- A loan that was assigned out of MERS and deactivated for reason of Reinstated or Modified option 1, not assigned back to MERS, and is later assigned back to MERS.
- A loan that was assigned out of MERS and deactivated for reason of Assigned from MERS for Default or Bankruptcy, and is later assigned back to MERS.

For closed loans on which MERS is neither the original mortgagee nor the assignee, see [iRegistration](#). For loans that have not yet closed, see [Pre-Closing](#).

As the Registering Member you are required to enter the Investor and Servicer (and Subservicer if applicable) Org IDs at registration. Once you register a loan, you have 7 calendar days, including the registration date, to make any necessary changes to the registration information. Thereafter, the MIN information can only be updated by the current Servicer or Subservicer (unless there is a default by the Servicer or MERSCORP receives alternative instructions from the investor).

There are two formats for System-to-System data:

- ☐ Flat File transmission
- ☐ EDI X12 transaction.

You can identify other MERS® System Members with an interest on a particular loan, including document custodian and associated Members, if applicable. Although it is not a requirement of the MERS® System, Interim Funders can show their security interest in a loan on the MERS® System by having the registering Member complete the Interim Funder field or associated Member field. The system will auto populate the Agency ID field, if the Investor requires it and if that ID is included on your Member Information.

You must register on the MERS® System all loans closed with “MERS as Original Mortgagee” (MOM) security instruments within 7 calendar days of the Note Date, even if you immediately or subsequently sell the loan to a non-MERS member. For a MOM loan, you must also enter Originating Org ID at Registration as of March 31, 2012.

You must register the loan being assigned to MERS on the MERS® System within 7 calendar days of the effective transfer date. The effective transfer date is the earlier of the date defined in the Purchase and Sale Agreement on which the buyer begins servicing the loans on its servicing system, or the assignment date. For a Non-MOM or iRegistration loan, you must enter Originating Org ID if the originator has an Org ID, or Original Note Holder if the originator does not have an Org ID, within 90 days of the Registration Date.

The buyer of a non-registered MOM loan is allowed 14 calendar days from the Note/Funding Date in which to register the loan on the MERS® System. In addition, the seller must initiate all Transfer of Servicing Rights transactions within five calendar days of the effective transfer date. As always, if a specific investor’s requirements are more stringent than the MERS® System requirements, the investor’s requirements supersede MERS® System policy.

Impact

The loan registration process affects the following types of organizations:

Primary Members:

- Servicers
- Subservicers
- Originators
- Third-Party Originators
- Investors
- Custodians
- Interim Funders

Associated Members:

- Collateral Agent
- FHLB/FRB
- Government Housing Agencies
- Master Servicer

Government Housing Agencies, Mortgage Insurance Cos, Trustees, Warehouse/Gestation Lenders, etc. are known as Associated Members and may be named during registration processing.

- Mortgage Insurers
- Trustee
- Warehouse/Gestation Lenders
- Alternate Custodian (up to 4 entries)
- Participation Investor (up to 4 entries)
- Other (up to 4 entries)
- Property Preservation Company (up to 4 entries)

Business Procedure – Initial Registration

1. Close the loan on a security instrument that names MERS as the original mortgagee and send it to the recorder's office.
Or, close the loan on a standard security instrument, prepare an assignment to MERS, and send both to the recorder's office.
2. Enter the MIN on the MERS® System.
3. The MERS® System validates the MIN.
4. Enter the loan information:
 - Lien type – 1st or Subordinate Lien which accommodates all liens subsequent to the first
 - Note Date
 - Note Amount
 - Funding Date (date interest starts to accrue, if different from Note Date)
 - Owner Occupied Flag
 - FHA/VA Case Number or MI Certificate Number
 - MOM indicator:
 - Defaults to MOM – MERS is the original mortgagee on the security instrument
 - Set to Non-MOM only if the loan was originated on a standard security instrument and assigned to MERS
 - For loans neither originated with MERS as mortgagee nor assigned to MERS, see the [iRegistration](#) chapter
 - Pre-Closing Indicator:
 - Defaults to No
 - For loans that have not yet closed, see the [Pre-Closing Registration](#) chapter.

An Interim Funder can remove its security interest from the MERS® System at any time.

Option 2 Transfers of Beneficial Rights with interim funding interests will appear on an exception report, noting co-existing beneficial interests.

- Originating Org ID (required for MOM loans as of March 31, 2012, and for Non-MOM or iRegistration if originator is a MERS® System Member)
- Original Note Holder (required if originator is not a MERS® System Member)
- Servicer
- Subservicer
- Investor (use 1000002 if Investor is not a MERS® System Member)
- Document Custodian
- Interim Funder (only if MERS® System Member)
- Associated Member(s)

Enter all names that appear on the origination or servicing system.

One Primary Borrower and up to three Co-Borrowers may be entered on the Registration page.

Additional Co-Borrowers must be entered as a MIN Information Borrower

For foreign nationals with no SSN or Tax ID, enter 111111111 for SSN.

For properties without street numbers, as in Rural Route addresses, the property street number is not required.

5. Enter borrower information exactly as it appears on the origination or servicing system:

- Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)
- OR**
- First Name
- Middle Name or initial
- Last Name
- Name Suffix
- Social security number or tax ID
(required for primary borrower)

6. Enter property information exactly as it appears on the origination or servicing system:

- Street number
- Street name
- Street designator (e.g. ST, BLVD, etc.)
- Street direction (e.g. N, S, SE, etc.)
- Unit type (e.g. Condo, Co-op, Apt, etc.)
- Unit number
- City
- State
- ZIP code and extension

7. Enter the following required legal description information exactly as it appears on the origination or servicing system:

- Property County or FIPS Code

8. Enter the following miscellaneous information, if applicable:
 - Investor loan number, if required by the Investor
 - Agency ID, if required by the Investor
 - Investor pool number for agency investors
 - Securitization Trust name for private pools
9. Enter the following Modification Agreement information (required for construction-to-permanent and some CEMA loans):
 - Modification Agreement Note Date
 - Modification Agreement Note Amount
10. Enter the following assignment information on the MERS® System if the loan is not recorded with MERS as the original mortgagee on the security instrument.
 - Assignment type
 - Assignee name and address
 - Assignor name and address
11. Submit the transaction.
12. The MERS® System validates the registration and loan status reflects an “Active (Registered)” status.
13. If the MIN matches the MIN of an eNote record registered on the MERS® eRegistry, and the loan information entered on the MERS® System does not match the loan information on the MERS® eRegistry, a *Mismatched MIN/eNote Record (EJ)* report will be generated for each rights holder.
14. The registration appears on the MIN-level milestones.
15. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
16. For Associated Members on the loan, the MIN Milestones report is generated.
17. As the registering Member, you are charged the registration fee. The fee appears on your next monthly invoice from MERSCORP.
18. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – Post-Closing Registration

Note: If the Pre-Closing was performed via batch or XML and contains more than four borrowers, only the first four will remain if you register the MOM or Non-MOM loan in MERS® OnLine

If a loan is registered as a Pre-Closing on the MERS® System, you can register it as an active MOM or Non-MOM loan once it closes. To register it as an active iRegistration loan, see Post-Closing iRegistration.

1. Enter the MIN on the MERS® System as a Registration
2. MERS® OnLine validates the MIN, and displays the Registration page populated with the information from the Pre-Closing registration.
3. Check all loan information and update as needed. Be sure to update the Pre-Closing indicator to No, and enter a Note Date if one was not entered for the Pre-Closing.
4. Submit transaction.
5. The MERS® System validates the registration and loan status reflects an “Active (Registered)” status.
6. If the MIN matches the MIN of an eNote record registered on the MERS® eRegistry, and the loan information entered on the MERS® System does not match the loan information on the MERS® eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
7. The Post-Closing registration appears on the MIN-level milestones, and the Registration Date in MIN Information reflects the most recent registration.
8. The Registration Verification report and/or Seasoned Registration Verification report is generated or primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian) and the Pre-Closing Registering Member.
9. For Associated Members on the loan, the MIN Milestones report is generated.
10. A Post-Closing registration fee is charged when you register a Pre-Closing loan as a Post-Closing MOM or Non-MOM loan.
11. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – Re-registration after Reversal

If a loan is in registration reversal status on the MERS[®] System, you can correct the information for that loan and re-register it.

1. Enter the MIN on the MERS[®] System as a Registration
2. MERS[®] OnLine validates the MIN, and displays a summary of the loan information, along with the Re-Registration menu
3. Check all loan information and update as needed, using the options available on the Re-Registration menu
4. Select Re-Register from the Re-Registration Loan page.
5. The MERS[®] System validates the registration and loan status reflects an “Active (Registered)” status.
6. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
7. The registration appears on the MIN-level milestones.
8. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
9. For Associated Members on the loan, the MIN Milestones report is generated.
10. As the registering Member, you are charged the registration fee. The fee appears on your next monthly invoice from MERSCORP.
11. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – Re-registration after Deactivation

If a loan has been deactivated on the MERS® System for any reason other than Foreclosure Complete or Paid in Full, that loan can be re-registered using the existing MIN if it is later assigned to MERS. For loans assigned to the Member rather than to MERS, see [*iRegistration after Deactivation*](#).

Even if the loan was originally recorded with MERS as mortgagee, since it must be assigned back into MERS it is no longer considered a MOM loan.

1. Prepare an [Assignment To MERS](#), and send it to the recorder's office.
 - Include the existing MIN, and the SIS telephone number, on the assignment
2. Enter the MIN on the MERS® System as a Registration
3. The MERS® System validates the MIN and displays the loan information
4. For MOM Indicator, select Non-MOM (if loan is not assigned to MERS, see [*iRegistration after Deactivation*](#)).
5. Enter the new Servicer Org ID.
6. Check the remaining loan information to ensure it is correct.
 Note: No changes are allowed to Security Instrument information when a deactivated loan is being re-registered. OnLine Security Instrument fields will be disabled, and Security Instrument data in batch and XML transactions will be ignored.
7. Submit the transaction.
8. The MERS® System validates the registration and loan status reflects an "Active (Registered)" status.
9. The registration appears on the MIN-level milestones.
10. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
11. For Associated Members on the loan, the MIN Milestones report is generated.
12. If the MIN matches the MIN of an eNote record registered on the MERS® eRegistry, and the loan information entered on the MERS® System does not match the loan information on the MERS® eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.

13. As the registering Member, you are charged the registration fee. The fee appears on your next monthly invoice from MERSCORP.
14. Enter the assignment information for the [Assignment To MERS](#).
15. Enter any assignments, assumptions, etc. which occurred between the loan being deactivated and re-registered.
16. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Reports

The following reports are generated during the Loan Registration and Seasoned Loan Registration process. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *Registration Verification Report*
- * *Registration Rejects/Warnings Report*
- * *MINs for the Same Primary Borrower SSN, Property, and First Lien- Daily Report*
- * *MINs for the Same Primary Borrower SSN, Property, and First Lien- Monthly Report*
- * *Mismatched MIN/eNote Record Report*
- * *Seasoned Registration Verification Report*
- * *Seasoned Registration Rejects/ Warnings Report*
- * *Delinquent MERS as Original Mortgagee Registrations Report*
- * *MIN Milestone Report for Associated Members*

MERS[®] iRegistration

Overview

iRegistration is the process for entering information to activate on the MERS[®] System a loan for which Mortgage Electronic Registration Systems (“MERS”) is not the mortgagee. iRegistration can be used for:

- A loan you have just closed
- A seasoned loan you’ve purchased
- A loan for which the prior registration was reversed
- A loan that was deactivated for reason of Transfer to non-MERS Status and then purchased by a MERS[®] System Member but not assigned to MERS
- A loan previously registered as a Pre-Closing that has closed (for loans that have not yet closed, see [Pre-Closing](#))

There are three methods of submitting an iRegistration transaction to MERS:

- ☐ Using our browser-based application, MERS[®] OnLine.
- ☐ System to System
- ☐ Using a synchronous XML transaction

As the Registering Member you are required to enter the Investor and Servicer (and Subservicer if applicable) Org IDs at registration. Once you register a loan, you have seven calendar days, including the registration date, to make any necessary changes to the registration information. Thereafter, the MIN information can only be updated by the current Servicer or Subservicer (unless there is a default by the Servicer or alternative instructions from the investor).

There are two formats for System-to-System data:

- ☐ Flat File transmission
- ☐ EDI X12 transaction.

You can identify other MERS[®] System Members with an interest on a particular loan, including document custodian and associated Members, if applicable. Although it is not a requirement of the MERS[®] System, Interim Funders can show their security interest in a loan on the MERS[®] System by having the registering Member complete the Interim Funder field or associated Member field.

The system will auto populate the Agency ID field, if the Investor requires it and if that ID is included on your Member Information.

Impact

Government Housing Agencies, Mortgage Insurance Cos, Trustees, Warehouse/Gestation Lenders, etc. are known as Associated Members and may be named during registration processing.

The iRegistration process affects the following types of organizations:

Primary Members:

- Servicers
- Subservicers
- Originators
- Third-Party Originators
- Investors
- Custodians
- Interim Funders

Associated Members:

- Collateral Agent
- FHLB/FRB
- Government Housing Agencies
- Master Servicer
- Mortgage Insurers
- Trustee
- Warehouse/Gestation Lenders
- Alternate Custodian (up to 4 entries)
- Participation Investor (up to 4 entries)
- Other (up to 4 entries)
- Property Preservation Company (up to 4 entries)

Business Procedure – iRegistration

1. Close the loan on a standard security instrument.
2. Enter the MIN on the MERS® System using a Registration transaction.
3. The MERS® System validates the MIN.
4. Enter the loan information:
 - Lien type – 1st or Subordinate Lien (which accommodates all liens subsequent to the first)
 - Note date
 - Note amount
 - Funding date (optional)
 - Owner Occupied flag
 - FHA/VA Case Number or MI Certificate Number
 - MOM indicator: Select “iRegistration”
 - Pre-Closing Indicator: Select “No”
 - Originating Org ID (if originator is a MERS® System Member)
 - Original Note Holder (if originator is not a MERS® System Member)
 - Servicer
 - Subservicer
 - Investor (use 1000002 if Investor is not a Member)
 - Document Custodian
 - Interim Funder (only if MERS® System Member)
 - Associated Member(s)
5. Enter borrower information exactly as it appears on the origination or servicing system:
 - Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)
 - OR**
 - First Name
 - Middle Name or initial
 - Last Name
 - Name Suffix
 - Social security number or tax ID
(required for primary borrower)

An Interim Funder can remove its security interest from the MERS® System at any time.

Option 2 Transfers of Beneficial Rights with interim funding interests will appear on an exception report, noting co-existing beneficial interests.

One Primary Borrower and up to three Co-Borrowers may be entered on the Registration page.

Additional Co-Borrowers must be entered as a MIN Information Borrower update.

For foreign nationals with no SSN or Tax ID, enter 111111111 for SSN.

For properties without street numbers, as in Rural Route addresses, the property street number is not required.

Agency ID is required when registering loans sold to Fannie Mae or Freddie Mac.

Pool Number is required when registering loans issued in a Ginnie Mae or Fannie Mae pool.

6. Enter property information exactly as it appears on the origination or servicing system:
 - Street number
 - Street name
 - Street designator (e.g. ST, BLVD, etc.)
 - Street direction (e.g. N, S, SE, etc.)
 - Unit type (e.g. Coop, Apt, etc.)
 - Unit number
 - City
 - State
 - ZIP code
7. Enter the following legal description information exactly as it appears on the origination or servicing system:
 - Property County or FIPS Code
8. Enter miscellaneous information if applicable:
 - Investor loan number, if required by the Investor
 - Agency ID, if required by the Investor
 - Investor pool number for agency investors
 - Securitization Trust name for private pools
9. Modification Agreement information is optional:
 - Modification Agreement Note Date
 - Modification Agreement Note Amount
10. Assignment information is optional, but MERS may not be included as either Assignor or Assignee.
11. Submit the transaction.
12. The MERS[®] System validates the registration, and loan status reflects an “Active (Registered)” status.
13. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, and the loan information entered on the MERS[®] System does not match the loan information on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
14. The registration appears on the MIN-level milestones.

15. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
16. For Associated Members on the loan, the MIN Milestones report is generated.
17. As the registering Member, you are charged the registration fee, unless the loan you are registering was already registered as a Pre-Closing. The fee appears on your next monthly invoice from MERSCORP.
18. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – Post-Closing iRegistration

Note: If the Pre-Closing was performed via batch or XML and contains more than four borrowers, only the first four will remain if you register the iRegistration in MERS® OnLine

If a loan is registered as a Pre-Closing on the MERS® System, you can register it as an active iRegistration once it closes. To register it as an active MOM or Non-MOM loan, see Post-Closing Registration.

1. Enter the MIN on the MERS® System as a Registration
2. MERS® OnLine validates the MIN, and displays the Registration page populated with the information from the Pre-Closing registration.
3. Check all loan information and update as needed. Be sure to update the Pre-Closing indicator to No, and enter a Note Date if one was not entered for the Pre-Closing.
4. Submit transaction.
5. The MERS® System validates the registration and loan status reflects an “Active (Registered)” status.
6. If the MIN matches the MIN of an eNote record registered on the MERS® eRegistry, and the loan information entered on the MERS® System does not match the loan information on the MERS® eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
7. The registration appears on the MIN-level milestones, and the Registration Date in MIN Information reflects the most recent registration.
8. The Registration Verification report and/or Seasoned Registration Verification report is generated for primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian) and the Pre-Closing Registering Member.
9. For Associated Members on the loan, the MIN Milestones report is generated.
10. No registration fee is charged when you register a Pre-Closing loan as an iRegistration.
11. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – iRegistration after Reversal

If a loan is in registration reversal status on the MERS® System, you can correct the information for that loan and re-register it as an iRegistration.

1. Enter the MIN on the MERS® System as a Registration
2. MERS® OnLine validates the MIN, and displays a summary of the loan information, along with the Re-Registration menu.
3. Check all loan information and update as needed, using the options available on the Re-Registration menu. Be sure the Pre-Closing indicator is set to No, and the MOM indicator is set to iRegistration.
4. Select Re-Register from the Re-Registration Loan page.
5. The MERS® System validates the registration and loan status reflects an “Active (Registered)” status.
6. If the MIN matches the MIN of an eNote record registered on the MERS® eRegistry, and the loan information entered on the MERS® System does not match the loan information on the MERS® eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
7. The registration appears on the MIN-level milestones.
8. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
9. For Associated Members on the loan, the MIN Milestones report is generated.
10. As the registering Member, you are charged the registration fee. The fee appears on your next monthly invoice from MERSCORP.
11. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Business Procedure – iRegistration after Deactivation

If a loan has been deactivated on the MERS® System for any reason other than Foreclosure Complete or Paid in Full, that loan can be re-registered using the existing MIN if it is later assigned to a MERS® System Member. For loans assigned to MERS rather than to the Member, see [Re-Registration after Deactivation](#).

1. Include the existing MIN on the assignment
2. Enter the MIN on the MERS® System as a Registration
3. The MERS® System validates the MIN and displays the loan information
4. Enter the new Servicer Org ID
5. Check the remaining loan information to ensure it is correct. If the loan was assigned to MERS, see [Re-Registration after Deactivation](#). If the loan was assigned directly to the Member, the MOM indicator should be iRegistration.
6. Submit the transaction.
7. The MERS® System validates the registration and loan status reflects an “Active (Registered)” status.
8. The registration appears on the MIN-level milestones.
9. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Verification report, and/or the Seasoned Registration Verification report is generated.
10. For Associated Members on the loan, the MIN Milestones report is generated.
11. If the MIN matches the MIN of an eNote record registered on the MERS® eRegistry, and the loan information entered on the MERS® System does not match the loan information on the MERS® eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
12. As the registering Member, you are charged the iRegistration fee. The fee appears on your next monthly invoice from MERSCORP.

13. If you have made any errors in the registration information, you can correct them for the first seven calendar days (including registration date) as the registering Member. Thereafter, only the current Servicer or Subservicer can update the information.

Reports

The following reports are generated during the iRegistration process. For a detailed description of each report, see the [*MERS® System Reports Handbook*](#):

- * *Registration Verification Report*
- * *Registration Rejects/Warnings Report*
- * *MINs for the Same Primary Borrower SSN, Property, and First Lien- Daily Report*
- * *MINs for the Same Primary Borrower SSN, Property, and First Lien- Monthly Report*
- * *Mismatched MIN/eNote Record Report*
- * *Seasoned Registration Verification Report*
- * *Seasoned Registration Rejects/ Warnings Report*
- * *MIN Milestone Report for Associated Members*

Conversion from iRegistration to Non-MOM

Overview

If a loan registered on the MERS[®] System as an active iRegistration is later assigned to MERS, this change must be reflected on the MERS[®] System by converting the loan from an iRegistration to a Non-MOM. Conversions may only be performed from iRegistration to Non-MOM.

The Servicer or Subservicer performs the conversion using a batch or online Registration transaction.

Servicer and Investor cannot be changed in a conversion transaction. An Interim Funder can be added, but not changed or deleted. Assignment information may be added, but not updated or deleted. Other data on the record may be updated, and system edits follow registration rules.

You must perform the conversion transaction on the MERS[®] System for the loan being assigned to MERS within seven calendar days of the assignment date.

Impact

The conversion process has potential impact to the following types of organizations:

- Servicers
- Subservicers
- Investors
- Document Custodians
- Associated Members

Business Procedure

1. Prepare an [Assignment To MERS](#), and send it to the recorder's office.
2. The Servicer or Subservicer submits the MIN to the MERS[®] System in a Registration transaction.
3. The MERS[®] System validates the MIN. If it is an active iRegistration that is not in a foreclosure status, and the submitting Member is its Servicer or Subservicer, it is eligible for conversion.
4. If performed in MERS[®] OnLine, the existing loan data is displayed on the Registration page, with the MOM indicator set to "Non-MOM" and the Investor and Servicer fields grayed out.
5. In batch, all registration data must be submitted. Investor and Servicer must match those already on the MIN, and a MOM Indicator of N must be submitted.
6. Interim Funder may be added if none exists, but not removed or changed.
7. Enter the following assignment information:
 - Assignment type
 - Assignee name and address
 - Assignor name and address
8. Submit the transaction.
9. The MERS[®] System validates the registration and loan status reflects an "Active (Registered)" status.
10. If the MIN matches the MIN of an eNote record registered on the MERS[®] eRegistry, a Mismatched MIN/eNote Record (EJ) report will be generated for each rights holder.
11. The conversion appears on the MIN-level milestones.
12. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Conversion Verification report is generated.
13. For Associated Members on the loan, the MIN Milestones report is generated.
14. As the converting Member, you are charged the conversion fee. The fee appears on your next monthly invoice from MERSCORP.

Reports

The following reports are generated during the Conversion process. For a detailed description of each report, see the [*MERS[®] System Reports Handbook*](#):

- * *Conversion Verification Report*
- * *Conversion Rejects/Warnings Report*
- * *MINs for the Same Primary Borrower SSN, Property, and First Lien*
- * *Mismatched MIN/eNote Record Report*
- * *MIN Milestone Report for Associated Members*

Pre-Closing Registration

Overview

There are three methods of submitting a Pre-Closing transaction to MERS:

- ☐ Using our browser-based application, MERS® OnLine.
- ☐ System to System
- ☐ Using a synchronous XML transaction

There are two formats for System-to-System data:

- ☐ Flat File transmission
- ☐ EDI X12 transaction.

A Pre-Closing is a loan registered on the MERS® System before it has closed. It is not active, so cannot be updated, transferred, or deactivated. A Pre-Closing may be registered with a MOM indicator of iRegistration, MOM or Non-MOM.

When registering a Pre-Closing, you are required to enter the Investor and Servicer Org IDs. Note Date is optional, but if entered may not be in the past; it may be the current date or up to a year in the future.

Once the Pre-Closing is registered, it cannot be updated, but the Pre-Closing registration can be reversed if it was done in error.

A Pre-Closing can be registered as an active iRegistration, MOM or Non-MOM loan once the loan closes in a transaction known as post-closing registration, and loan information may be updated at post-closing.

Loans in a Pre-Closing status do not contain Assignment information. If this data is submitted in a Pre-Closing registration transaction, it is ignored.

The organization registering the Pre-Closing loan receives the registration verification report if the same MIN is later registered as an active loan by another Member.

Impact

The Pre-Closing process affects the following types of organizations:

Primary Members:

- Servicers
- Subservicers
- Originators
- Third-Party Originators
- Investors
- Custodians
- Interim Funders

Government Housing Agencies, Mortgage Insurance Cos, Trustees, Warehouse/Gestation Lenders, etc. are known as Associated Members and may be named during registration.

Associated Members:

- Collateral Agent
- FHLB/FRB
- Government Housing Agencies
- Master Servicer
- Mortgage Insurers
- Trustee
- Warehouse/Gestation Lenders
- Alternate Custodian (up to 4 entries)
- Participation Investor (up to 4 entries)
- Other (up to 4 entries)
- Property Preservation Company (up to 4 entries)

Business Procedure – Pre-Closing

1. Submit the MIN to the MERS® System in a Registration transaction.
2. The MERS® System validates the MIN.
3. Enter the loan information:
 - Lien type – 1st or Subordinate Lien (which accommodates all liens subsequent to the first)
 - Expected Note date (optional, up to 365 days in future)
 - Note amount
 - Owner Occupied Flag
 - FHA/VA Case Number or MI Certificate Number
 - MOM indicator: Choose MOM, Non-MOM or iRegistration
 - Pre-Closing indicator: Choose “Yes”
 - Originating Org ID (if originator is a MERS® System Member)
 - Original note holder name (if originator is not a MERS® System Member)
 - Servicer
 - Subservicer
 - Investor
 - Interim Funder (only if MERS® System Member)
 - Document Custodian
 - Associated Member(s)

One Primary Borrower and up to three Co-Borrowers may be entered on the Registration page.

For foreign nationals with no SSN or Tax ID, enter 111111111 for SSN.

For properties without street numbers, as in Rural Route addresses, the property street number is not required.

4. Enter borrower information as it appears on the origination system:

- Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)

OR

- First name
- Middle name
- Last name
- Name Suffix
- Social security number or tax ID
(required for primary borrower)

5. Enter property information as it appears on the origination system:

- Street number
- Street name
- Street designator (e.g. ST, BLVD, etc.)
- Street direction (e.g. N, S, SE, etc.)
- Unit type (e.g. Coop, Apt, etc.)
- Unit number
- City
- State
- ZIP code and extension

6. Enter the following miscellaneous information, if applicable:

- Investor loan number, if required by the Investor
- Agency ID, if required by the Investor

7. No Assignment information may be entered for a Pre-Closing.

8. Submit the transaction.

9. The MERS® System validates the registration and loan status reflects a "Pre-Closing" status.

10. The Pre-Closing registration appears on the MIN-level milestones.

11. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Pre-Closing Verification report is generated.

12. For Associated Members on the loan, the MIN Milestones report is generated.

13. As the registering Member, you are charged the Pre-Closing registration fee. The fee appears on your next monthly invoice from MERSCORP.
14. You cannot update any information on a loan in Pre-Closing status. To correct an error, you must reverse the registration of the MIN and then re-register it with the correct information.
15. Once the loan closes, you can register it as an iRegistration without paying an additional fee, or as a MOM or Non-MOM for an additional fee, and loan information may be updated as part of this post-closing registration transaction.

Business Procedure – Pre-Closing after Reversal

If a loan is in registration reversal status on the MERS[®] System, you can correct the information for that loan and re-register it as a Pre-Closing.

1. Enter the MIN on the MERS[®] System as a Registration.
2. In batch, enter all registration information as you would for a Pre-Closing that has never been registered.
3. In MERS[®] OnLine:
 - A summary of the loan information from the previous registration is displayed along with the Re-^Registration menu.
 - Check all loan information and update as needed, using the options available on the Re-Registration menu.
 - Be sure the Pre-Closing indicator is set to Yes.
 - No assignment information may be entered for a Pre-Closing.
 - Select Re-Register from the Re-Registration Loan page.
4. The MERS[®] System validates the registration and loan status reflects a “Pre-Closing” status.
5. The Pre-Closing registration appears on the MIN-level milestones.
6. For primary rights holders on the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Pre-Closing Verification report is generated.

7. For Associated Members on the loan, the MIN Milestones report is generated.
8. As the registering Member, you are charged the Pre-Closing registration fee. The fee appears on your next monthly invoice from MERSCORP.
9. You cannot update any information once the registration transaction is complete. To correct an error, you must reverse the registration of the MIN and then re-register it with the correct information.
10. Once the loan closes, you can register it as an iRegistration without paying an additional fee or as a MOM or Non-MOM for an additional fee.

Reports

The following reports are generated during the Pre-Closing Registration process. For a detailed description of each report, see the [MERS® System Reports Handbook](#):

- * *Pre-Closing Registration Verification Report*
- * *Pre-Closing Registration Rejects/Warnings Report*
- * *MIN Milestone Report for Associated Members*

Registration Reversal

Overview

A Registration Reversal is for reversing a loan that has been registered in error.

You can also use Registration Reversal if you register a loan with the incorrect Servicer or Investor; you would then immediately re-register it using the correct information.

The registering Member may reverse a registration for 30 days starting on the Registration Date. Thereafter only the Servicer can reverse the registration.

If a loan is registered as an iRegistration and MERS becomes the mortgagee through an assignment, you can use the [Conversion](#) transaction to convert the iRegistration to a Non-MOM. If a loan is registered as an iRegistration and recorded in the land records as a MOM, the iRegistration registration will need to be reversed in order to register the loan as a MOM. Similarly, if a loan is registered as a MOM or Non-MOM but MERS is never the mortgagee, the registration will need to be reversed in order to register the loan as an iRegistration.

Registration Reversal may be processed through MERS® OnLine, X12 or flat file transactions

Impact

The loan registration reversal process affects the following types of organizations:

- Servicers
- Subservicers
- Originators
- Third-Party Originators
- Investors
- Custodians
- Interim Funders
- Associated Members

Only the servicer, subservicer or Member that originally registered the MIN can perform this process.

Also, if the beneficial rights for a MIN have been transferred, the registration can only be reversed if the current Investor transfers the MIN back to the registering Member.

Business Procedure

1. Select Registration from the Reversals menu.
2. Enter the MIN.
3. MERS[®] System validates the MIN.
4. The MERS[®] System validates the registration reversal and changes the loan status to “Registration Reversal”.
5. The registration reversal appears on the MIN-level milestones.
6. For Members with an interest in the loan (for example, Investor, Servicer, Interim Funder and Custodian), the Registration Reversal Verification report, and/or the Registration Reversal Rejects/Warnings report, is generated.

NOTE: No fee is assessed to the Member performing the registration reversal, but the applicable registration fee will still be assessed for the initial registration.

7. For Associated Members on the loan, the MIN Milestones report is generated.
8. All registration information is retained for use if the MIN is re-registered.
9. If the MIN is re-registered, the normal registration fee will apply.

Reports

The following reports are generated as a result of the Registration Reversal process. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *Registration Reversal Verification Report*
- * *Registration Reversal Rejects/Warnings Report*
- * *MIN Milestone Report for Associated Members*

Co-op Processing

Overview

Although the MERS[®] System does not have a process designed specifically for the documents and requirements associated with co-ops, this process is available using current functionality.

Impact

Co-op processing affects any organization that registers, maintains, or deactivates Co-op loans.

Business Procedure

1. Register the MIN associated with co-ops in the same method as any registration, which can be accomplished through batch processing or through MERS[®] OnLine.
2. When identifying the property address, enter **Co-op** in the Unit Type field and name the applicable unit number in the Unit Number field. These fields may also be mapped through batch file processing.
3. If Mortgage Electronic Registration Systems, Inc. ("MERS") is being established as the "Original Secured Party", set the MOM Indicator to **Y**.
4. If MERS is not the "Original Secured Party", but has been named through an assignment or UCC-3 filing, set the MOM Indicator to **N**.
5. If MERS is not the "Original Secured Party", and is not named through an assignment or UCC-3 filing, set the MOM Indicator to iRegistration.
6. When the loan is paid in full, file a UCC-3 selecting *Termination* on the UCC-3 form. Process this transaction as a *Deactivation/Paid in Full* on the MERS[®] System.

Reverse Mortgage Processing

Overview

No separate functionality is required for reverse mortgage processing. Registrations and other transactions for reverse mortgages are performed as for other loans.

Impact

Reverse mortgage processing affects any organization that registers, maintains, or deactivates reverse mortgages.

Business Procedure

1. Register the MIN associated with the reverse mortgage in the same method as any registration, which can be accomplished through batch processing or through MERS® OnLine.
2. When identifying the Note Amount, use the Maximum Claim Amount from the Note. This field may also be mapped through batch file processing.
3. Track life of loan events as for other mortgage loans.

Construction Loan Processing

Overview

Construction loans may be modified to become permanent loans once construction is complete, or they may be paid off by a permanent loan. In the first case, both the construction and permanent loans are registered on the MERS® System as one loan. In the second case, each loan is processed separately on the MERS® System.

Impact

Construction loan processing affects any organization that registers, maintains, or deactivates construction loans.

Business Procedure—One-Step Closing

This is where the construction loan is modified to become the permanent loan. You can close the construction loan as a MOM loan and record the modification with Mortgage Electronic Registration Systems, Inc. ("MERS") as mortgagee, saving the cost and effort of recording an assignment, or you can close the construction loan on a standard document and assign it to MERS after it is modified to become permanent. (Note: In either case, selling the servicing more than 270 days after the original note date will incur a seasoned transfer fee.)

Closed on a MOM Security Instrument

The MERSCORP Law Department (mers@mersiinc.org) is available for assistance with changing the language on the security instrument to make it a MOM loan.

1. The MOM security instrument must be:
 - Given a valid MIN
 - Sent for recording in accordance with state or investor guidelines
 - Registered on the MERS® System within seven calendar days of the Note Date (or Funding Date for escrow states).
2. When construction is completed, the modification agreement must reflect MERS as the mortgagee and must be signed by an approved Signing Officer from your company. (The MERSCORP Law Department is available for assistance with changing the language on the modification agreement.)

3. Update the MERS[®] System to reflect the modification.
4. If the permanent loan is sold to another MERS[®] System Member, transfer the rights in the same manner as other MERS[®] System loans.
5. If the loan is sold to a non-MERS[®] System member:
 - Deactivate the MIN in the MERS[®] System in accordance with MERS[®] System requirements.
 - Prepare and send for recording an [Assignment From MERS](#), using your approved Signing Officer to sign on behalf of MERS.

Closed on a Standard Security Instrument and Assigned to MERS

1. Close the loan using the standard construction loan security instrument used today. There is no MIN and no registration on the MERS[®] System. MERS is not the mortgagee.
2. When construction is completed, prepare and send for recording the standard modification agreement. MERS is not the mortgagee.
3. Following the modification, prepare an [Assignment To MERS](#), place a valid MIN on the assignment and send it for recording, in accordance with MERS[®] System requirements for assigning loans to MERS.
4. Register the loan on the MERS[®] System as a Non-MOM, in accordance with MERS[®] System requirements, entering the information from the origination or servicing system.
5. If the permanent loan is sold to another MERS[®] System Member, transfer the rights in the same manner as other MERS[®] System registered loans.
6. If the loan is sold to a non-MERS[®] System member after being assigned to MERS and registered:
 - Deactivate the MIN in the MERS[®] System in accordance with MERS[®] System requirements.

- Prepare and send for recording an [Assignment From MERS](#), using your approved Signing Officer to sign on behalf of MERS.

Closed on a Standard Security Instrument and Not Assigned to MERS (iRegistration)

You may register a loan that does not have MERS as mortgagee as an iRegistration at origination, or before or after modification, because MERS is never the mortgagee. Transfers must be reflected, and selling the servicing more than 270 days after the original note date incurs a seasoned transfer transaction fee.

1. Close the loan using the standard construction loan security instrument used today, and register it on the MERS[®] System as an iRegistration. MERSCORP recommends including the MIN on the security instrument for identification.
2. When construction is completed, prepare and send for recording the standard modification agreement; MERS is not the mortgagee. MERSCORP recommends including the MIN on the modification agreement for identification. Update the MERS[®] System to reflect the modification date and amount.
3. If the permanent loan is sold to another MERS[®] System Member, create a transfer transaction in the usual manner.
4. If the loan is sold to a non-MERS[®] System member after being registered:
 - Deactivate the MIN in the MERS[®] System in accordance with MERS[®] System requirements.
 - Prepare and send for recording a standard assignment; MERS is not the mortgagee.

Business Procedure—Two-Step Closing

This is where the construction loan is paid off by the permanent loan. You can close the construction loan as MOM, non-MOM, or iRegistration; however, since it is a separate loan from the permanent loan, it will incur a separate registration fee.

1. The construction loan may be closed using either a MOM or standard Security Instrument.

If closed on a MOM security instrument, the loan must be:

- Given a valid MIN
- Sent for recording in accordance with state or investor guidelines
- Registered on the MERS® System as a MOM loan within seven calendar days of the Note Date
- Processed as a Payoff on the MERS® System when it is paid off by the permanent loan

If loan is closed on a Non-MOM security instrument, then assigned to MERS:

- The assignment must be:
 - Given a valid MIN
 - Executed and recorded
- The loan must be registered on the MERS® System as a Non-MOM loan within seven calendar days of the Assignment Date
- Payoff must be processed on the MERS® System when it is paid off by the permanent loan

If loan is neither closed on a MOM security instrument nor assigned to MERS, but is registered as an iRegistration:

- Give the loan a valid MIN
- Register it on the MERS® System as an iRegistration
- Process as a Payoff on the MERS® System when it is paid off by the permanent loan

2. When construction is completed, register the permanent loan on the MERS® System, with a valid MIN, as you would any other loan.

3. If the permanent loan is sold to another MERS® System Member, create a transfer transaction as for other MERS® System registered loans.
4. If the permanent loan is sold to a non-MERS® System member:
 - Deactivate the MIN in the MERS® System in accordance with MERS® System requirements.
 - For a MOM or Non-MOM loan, prepare and send for recording an [Assignment From MERS](#), using your signing officer to sign on behalf of Mortgage Electronic Registration Systems, Inc.

Registered Loans in Rated Securities

Overview

MERS[®] System registered loans may be included in rated securities issued by MERS[®] System Members. Assignments normally recorded naming the Trustee as mortgagee of record are eliminated for all MERS[®] System registered loans in the securitization. It is acceptable to combine MERS[®] System registered and non-registered loans in the securitization.

The process model is for the securitization Trustee to be named as the current Investor on the MINs. It is not necessary for the Trustee to be an active Investor. Any MERS[®] System Member may choose to be a passive Investor and let the MERS[®] System process confirmations automatically.

MERS[®] System Member Trustees possess established MERS[®] System Org IDs and should supply these to the issuers.

The securitization serial number must be placed in the Pool Number field on the MERS[®] System for the MINs involved for an Agency securitization. For non-Agency securitizations, place the trust name in the Securitization field.

Impact

This process has potential impact on the following types of organizations:

- All Members

Business Procedure

ISSUER:

1. Obtain the MERS® System Org ID for the securitization Trustee from the Trustee.
2. Pool loans and issue Securitization.
3. Identify MERS® System registered loans included in the Securitization.
4. Process Transfer of Beneficial Rights Option 2 naming Securitization Trustee as new Investor.
5. Update Pool Number field for Agency securitization; for non-Agency securitizations update Securitization field.

TRUSTEE

1. Supply MERS® System Org ID to Issuer
2. Confirm Transfer of Beneficial Rights Option 2 (if acting as active Investor).
3. Review and reconcile MERS® System Reports.

CUSTODIAN

1. Review and reconcile MERS® System reports.

Reports

The following reports are generated as a result of the Registered Loans in Rated Securities process. For a detailed description of each report, see the [*MERS® System Reports Handbook*](#):

- * *Transfer of Beneficial Rights Rejects/Warnings*
- * *Pending Transfer of Beneficial Rights*
- * *Overdue Transfer of Beneficial Rights*
- * *Physical Transfer of Beneficial Rights*
- * *Maintenance Verification Report*
- * *Maintenance Reject/Warnings*

Transfer of Beneficial Rights

Overview

The Transfer of Beneficial Rights (TOB) transaction is used to track the transfer of beneficial rights from one investor to another.

There are two types of investors in the MERS® System:

- Member Investors (Investors who are MERS® System Members)
Member Investors sign a MERS® System Application, pay MERS® System membership fees, and have full access to the MERS® System. [As a Member Investor, you have the choice of processing confirmations of Transfer of Beneficial Rights transactions and all other transactions manually or automatically.](#)
- Non-Member Investors
Non-Member Investors do not sign a MERS® System Application or pay MERS® System fees and have no ability to access the MERS® System, confirm MERS® System transactions or retrieve MERS® System reports. They must be represented on the MERS® System with Org ID 1000002.

There are two types of TOB transactions on the MERS® System, either of which may be initiated online or via batch.

- Option 1
Used only by Option 1 (or Agency) investors such as Freddie Mac, Ginnie Mae, and Fannie Mae, to claim investor rights on loans transmitted to them. Option 1 transfers require no confirmation, and remove any Interim Funder or Warehouse/Gestation Lender interests from the loan.
- Option 2
Used by most MERS® System Members. Option 2 transfers require confirmation from the new Investor. They do not remove Interim Funder or Warehouse/Gestation Lender interests from the loan.

The MERS® System will allow a MIN to co-exist in an Option 2 TOB batch and a Transfer of Servicing (TOS) batch only if the New Servicer and New Investor are the same entity.

The MERS® System will allow a MIN to co-exist in an Option 1 TOB batch and a Flow or Seasoned TOS batch.

Transfer of Beneficial Rights

Overview

Although the MERS® System tracks changes in ownership of the beneficial ownership rights for loans registered on the MERS® System, the MERS® System cannot transfer the beneficial ownership rights to the debt. The debt can only be transferred by properly endorsing the promissory note to the transferee. As a MERS® System Member you have two options for tracking a transfer of beneficial rights to another Member: Option 1 and Option 2. The determination of whether Option 1 or Option 2 is used is based on the Membership Profile of the purchasing investor.

Option 1

An Option 1 transfer can be created in either flat file/EDI X12 mode or online.

In an Option 1 transfer, the Investor transfers beneficial rights on a system other than the MERS® System and that system then initiates the MERS® System transaction.

Loans in an Option 1 batch that have not been registered are automatically reprocessed (“cycled”) until the loans have been registered, up to ten (10) calendar days from the Transfer Date. Option 1 investors receive notification when MIN cycling begins through the *Transfer of Beneficial Rights Reject Report*.

If you include MINs that are not registered in your agency transmission, you will receive an abbreviated version of the *Transfer of Beneficial Rights Reject Report* listing these unregistered MINs. It is your responsibility to register these MINs immediately, entering your MERS® System Org ID in the Investor field. If you register them after the 10 day cycling process is over, you must name the Agency in the Investor field.

An Option 1 Transfer of Beneficial Rights will replace any Option 2 investor on the loan. The investor that was removed during the Option 1 process is notified of its removal by the *Investor Removed by Option 1 TOB report*. Additionally, Interim Funder and Warehouse Gestation Lender interests are released automatically in an Option 1 beneficial rights transfer. No confirmations are required for Option 1 transfers.


If a MIN is included in an Option 1 and an Option 2 beneficial rights transfer batch at the same time, when the Option 1 beneficial rights transfer is completed, the duplicate MIN is deleted from the Option 2 beneficial rights transfer. The MINs that were deleted from the Option 2 beneficial rights transfer appear on the *MINs Deleted from Transfer of Beneficial Rights Report*. Non-duplicate MINs remain in the Option 2 transfer batch.

MINs can exist simultaneously in an Option 1 beneficial rights transfer batch and a transfer of servicing batch. See [Transfer of Servicing Rights](#) for details.

Important dates for beneficial rights transfer (Option 1) are:

- **Transfer creation date:** the date the Investor creates the beneficial rights transfer on the MERS® System
- **Transfer Date:** the date the beneficial rights are transferred to the new Investor. May be the same as the Transfer Creation Date or the current processing date if the Transfer Creation Date is in the past.



 The Transfer Date cannot be changed nor the transfer canceled on Option 1 beneficial rights transfers.

Option 2

An Option 2 beneficial rights transfer is initiated on the MERS® System by the Servicer or Subservicer. The New Investor cannot be an Option 1 Investor.

- The Servicer or Subservicer creates a pending beneficial rights transfer batch. Beneficial rights transfers can be created in flat file/EDI X12 mode and on MERS® OnLine.
- The current Investor and the new Investor confirm or reject the transfer.
 - If the current Investor does not have the **Approval of Option 2 beneficial transfer** option selected in its Member Information Options, its confirmation is automatic.
 - If the new Investor does not have the **Approval of Option 2 beneficial transfer** option selected in its Member Information Options, its confirmation is automatic.
 - If you reject the transfer using MERS® OnLine, you can provide a Reject Reason. Reject Reason definitions are specific to each investor.

- If the new Investor has indicated in its Member Information that Investor Loan Number, Pool Number, or Agency ID is required, then the new Investor must supply the data for each MIN when it confirms the MINs.
- On the Transfer Date, the MERS® System will process all transfers confirmed by that date. The MERS® System will process transfers as they are confirmed until the Expiration Date. Confirmation and reject activity for each processing cycle is reported on the *Physical Transfer of Beneficial Rights* report. This report is non-cumulative.
- The Interim Funder removes its security interests in the loans. It is not necessary to have the Interim Funder interests removed for the beneficial rights transfer to be registered. Completed transfers with interim funding interests not released appear on the *Coexisting Security Interest Report*.
- The Warehouse Gestation Lender's interests are automatically removed when a Transfer of Servicing rights processes, or removed by the Servicer or Subservicer if servicing is not transferred.

While a transfer is pending, all parties named in the batch can view the pending transaction using the View List of Batches feature in MERS® OnLine, and make the following changes:

- The new Investor can confirm or reject MINs in the batch at any time prior to the Expiration Date.
- The new Investor can change transfer confirmations (for example, reject a previously confirmed loan) any time prior to the Transfer Date.
- The party initiating the batch can change the Transfer Date. This will remove any confirmations made before the date was changed, so all MINs will have to be confirmed again.
- The new Investor can change the investor loan and pool numbers to reflect its own information
- The initiating Member can add MINs to the batch any time prior to the completion date, but the new MINs will have to be confirmed by the new Investor before they will be transferred.
- The initiating Member can delete any MIN from the batch, as long as that MIN has not been confirmed by the new Investor.

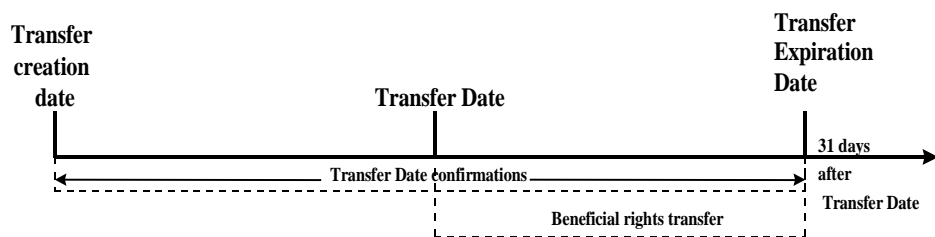
If you create a transfer Batch that has missing MINs, or MINs that shouldn't be included, use the Modify Batch option in MERS® OnLine to correct it while the Batch is in pending or overdue status. This activity will produce a *Modified Batch –Transfer of Beneficial Rights* report


- The initiating Member can cancel the entire batch any time prior to the completion of the batch on Option 2 transfers, as long as the new Investor has not confirmed the transfer.

Loans not completely confirmed or rejected by the Expiration Date (31 days from the Transfer Date or from the Creation Date if Transfer Date is prior) are noted on the *Expired Transfer Report*, and the transfer batch status changes from transfer overdue to transfer Pending Delete.

Important dates for beneficial rights transfer (Option 2) are:

- **Transfer creation date:** the date the Servicer or Subservicer creates the beneficial rights transfer transaction on the MERS® System
- **Transfer Date:** the date the beneficial rights are transferred to the new Investor. May be the same as the Transfer Date or within 30 days of that date.
- **Transfer Expiration date:** 31 days after the Transfer Date MINs not confirmed or rejected by the expiration date will revert back to their original Investor.



 If the Transfer Date is before the Transfer creation date, the Transfer deletion date will be 31 days after the Transfer creation date.

Impact

The Transfer of Beneficial Rights process affects the following types of organizations:

- Servicers
- Subservicers
- Investors
- Interim funding lenders

- Document custodians
- Associated Members

Business Procedure—Option 1

For Option 1, the loan must be registered on MERS. The MERS® System Member selling beneficial rights delivers loans to the investor as it did before, but must include the MIN in the transmission. The investor then transfers beneficial rights for the loans it has agreed to purchase and updates MERS.

Loans that are rejected from the batch transaction should be updated by the Investor in MERS® OnLine using the Option 1 transfer of beneficial rights.

MINs rejected due to non-registration are automatically reprocessed up to 10 calendar days from the Transfer Date. Option 1 investors are notified when the reprocessing cycle begins through the *Transfer of Beneficial Rights Reject Report*.

This option is used when the seller registers the loan on the MERS® System, listing itself as the Investor, and then sells the loan to an Option 1 Investor. The seller must include the MIN on the transmission to the Option 1 investor. The Investor then initiates the transfer of beneficial rights from its own system and the process below begins.

1. The new Investor creates a batch transaction that transfers beneficial rights to itself on the MERS® System.
2. When the Transfer Date is reached, the MIN is transferred.
3. If the MIN has not been registered by the Transfer Date, the batch continues to cycle for up to ten days.
4. Loans not registered within the ten day window may be registered with the new Investor's Org ID in the Investor field, or after registration the new Investor can update the loan in MERS® OnLine using the Option 1 Transfer of Beneficial Rights.
5. Registered loans that are rejected from the batch transaction can be updated by the new Investor in MERS® OnLine using the Option 1 Transfer of Beneficial Rights.
6. The transfer of beneficial rights appears on the MIN-level milestones, audit history, and transfer audit history.
7. The Originator or Servicer, old Investor, new Investor, and Custodian of the transfer of beneficial rights receive a *Physical Transfer of Beneficial Rights Report*.

Note: This process is also used by some investors to reflect each additional principal advance against a Home Equity Conversion Mortgage (HECM). The system generates the usual milestone, audit history, transfer audit history, and report entries for each advance reported as an option 1 TOB, but the same option 1 investor appears as both previous and new investor.

Business Procedure—Option 2

The seller uses this option when selling to an Option 2 Investor. The seller enters the transfer of beneficial rights transactions on the MERS® System, and the Investor can choose whether to confirm or reject the transfer.

The Transfer Date can be a past date, up to 60 calendar days before the transaction origination date, or up to 180 days in the future.

1. The current Servicer or Subservicer creates a pending beneficial rights transfer batch on the MERS® System, including the following information:
 - Transfer Date
 - Current Investor
 - New Investor
 - New Custodian (if applicable)
 - MINs
2. The MERS® System validates the information.
3. The initiating Member and current Investor receive a *Pending Transfer of Beneficial Rights Report*.

The initiating Member may:

- Cancel the Option 2 Transfer of Beneficial Rights anytime before it is confirmed by the new Investor.
 - Use the Modify Batch option in MERS® OnLine to add MINs to or delete MINs from the batch while it is in pending or overdue status. This activity will produce a *Modified Batch –Transfer of Beneficial Rights Report*.
4. The current and new Investors confirm or reject the transfer at the batch, pool, securitization, or loan level.
 - If the Investor is a Passive Investor the confirmation is automatic.
 - If the new Investor has indicated that Investor Loan Number, Pool Number, Agency ID, or any combination of the three is required, then the new Investor must supply the data fields for each MIN.
 5. The MERS® System updates the Investor information on the Transfer Date or on the date that the Investor confirms the transfer, whichever is later.
 6. The transfer of beneficial rights appears on the MIN-level milestones, audit history, and transfer audit history.

The MERS® System checks daily to determine if the Transfer Date has been reached.

If the new Investor does not confirm the transfer by the transfer date, the MERS® System reflects an overdue transfer status for the loan(s).

7. The current Servicer, new Investor, old Investor, and old and new Document Custodians receive a *Physical Transfer of Beneficial Rights Report*.

Processing

Before the Transfer Effective Date the system will:

- Automatically remove a MIN from the pending TOB option 2 batch if it is transferred by a TOB option 1 transaction, deactivated, or registration reversed. This will be reported on the *Physical Transfer of Beneficial Rights (BB) report*.
- Automatically cancel the batch if all MINs have been removed from it. This will be reported on the *Canceled Transfer of Beneficial Rights (BG) report*.

On the Transfer Effective Date the system will:

- Remove from the batch all confirmed MINs
- Update the rights holder for all confirmed, active MINs
- Update milestones, audit history, and transfer audit history for each transferred MIN
- Mark these MINs as transferred on the Physical Transfer of Rights Report (BB)
- Remove from the batch all MINs rejected by the confirming Member (all MINs with at least one confirmation indicator set to "N") and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different servicer
- Mark these MINs as rejected or removed on the Physical Transfer of Rights Report (BB)
- If any unconfirmed MINs remain in the batch, the system will change the batch status to "Overdue" and list the remaining MINs on the *Overdue Transfer of Rights Report (BC)*

NOTE about the *Physical Transfer of Rights Report (BB)*:

This report is NOT cumulative. You must review it each time it is produced to see the activity from the previous cycle.

After the Transfer Effective Date, for each processing cycle after the Transfer Effective Date, **the system will:**

- Remove from the overdue batch all newly confirmed MINs
- Update the rights holder for these MINs
- Update milestones, audit history, and transfer audit history for the MINs

- Mark these MINs as transferred on the *Physical Transfer of Rights Report* (BC)
- Remove from the batch all MINs newly rejected by the confirming Member (all MINs with at least one confirmation indicator set to “N”) and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different Investor. These MINs will be marked as rejected or removed on the *Physical Transfer of Rights Report* (BB)

If there are any remaining, active unconfirmed MINs in the overdue batch, they will continue to be listed on *Overdue Transfer of Rights Report* (BC)

If there are unconfirmed MINs in a batch 20 days after the Transfer Effective Date, the system will display a message on the Welcome Page for both the initiating and confirming Members.

On the Transfer Expiration Date (30 days from the Transfer Date, or from the Creation Date if later), **the system will:**

- * Produce an *Expired Transfer* (BD) report listing any unconfirmed MINs
- * Mark the batch as “Pending Delete” and stop all further processing on the batch
- * Not change the Investor field

Reports

The following reports are generated during the Transfer of Beneficial Rights process. For a detailed description of each report, see the [MERS® System Reports Handbook](#):

- * *Pending Transfer Of Beneficial Rights Report*
- * *Modified Batch – Transfer of Beneficial Rights*
- * *Physical Transfer of Beneficial Rights Report*
- * *Overdue Transfer of Beneficial Rights Report*
- * *MINs Transferred to a Non-MERS Servicer Report*
- * *Transfer of Beneficial Rights Rejects Report*
- * *Canceled Transfer of Beneficial Rights Report*
- * *Expired Transfer of Beneficial Rights Report*
- * *MINs Deleted from Transfer of Beneficial Rights Report*
- * *Investor Removed by Option 1 Transfer of Beneficial Rights Report*
- * *Summary of Transfer of Beneficial Rights Rejects Report*
- * *MIN Milestone Report for Associated Members*

Transfer of Beneficial Rights to Non-MERS® System Member Investors

Overview

It is not a requirement that an Investor be a MERS® System Member for a loan to remain on the MERS® System. For private investors, where an assignment in the Investor's name is not required, the loans may be transferred by inserting Org ID 1000002 in the New Investor field. (The name "Undisclosed Investor" will appear in the Member Summary for this Org ID, and "Contact Servicer" will display for address and contact names.)

The following criteria must be met to use this Org ID:

- ❑ No assignment has been recorded naming the Investor as mortgagee of record. (If Investor requires an assignment out of Mortgage Electronic Registration Systems, Inc., see [Transfer to Non-MERS Status](#) deactivation.)
- ❑ The Investor does not desire to be a MERS® System Member.
- ❑ The Investor does not wish to view information on the MERS® System for loans on which it owns the Beneficial Rights, and does not wish to review any MERS® System reports for transactions associated with those loans.

Impact

This process has potential impact on the following types of organizations:

- All MERS® System Members

Business Procedure

1. As part of the normal Investor Approval process for transfers or loan deliveries, you must notify the Investor of your intent to name Mortgage Electronic Registration Systems, Inc. as the Mortgagee of Record by delivering a MOM security instrument or through an assignment to Mortgage Electronic Registration Systems, Inc.

2. You will identify non-MERS[®] System member investor loans and transfer the beneficial rights in the MERS[®] System using Organization ID 1000002 as New Investor.

Reports

The following reports are generated for beneficial rights transfer to a non-Member. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *Physical Transfer of Beneficial Rights Report*
- * *Transfer of Beneficial Rights Rejects Report*
- * *Summary of Transfer of Beneficial Rights Rejects Report*
- * *MIN Milestone Report for Associated Members*

Removing Interim Funder Security Interests

Overview

Interim funding interests are removed from the MERS® System in two situations:

- Indirectly by the investor when an Option 1 transfer of beneficial rights is completed and the Interim Funder is removed from the loan record by an investor purchase
- Directly by the Interim Funder when it has been reimbursed, either by the Lender, Investor, or another Interim Funder

The Interim Funder can remove its security interest from the MERS® System at any time; however, it is not necessary to have the interim funding interest removed for the beneficial rights transfer to occur. On Option 2 transfers, completed transfers with existing interim funding interests will appear on an exception report, which notes the coexisting beneficial interests.

If the Option 1 beneficial rights transfer is used, the interim funding interests are removed automatically. The Interim Funder reviews any wiring instructions provided to it by the originator as applicable and contacts the seller of the beneficial interests if there are problems.

If the Option 2 beneficial rights transfer is used, the Interim Funder removes its security interests before or after the transfer of beneficial rights has been completed to the new investor.

Impact

The Removal of Interim Funder Security Interests affects the following types of organizations:

- Interim funding organizations
- Investors
- Servicer
- Subservicers
- Associated Members

Business Procedure—TOB Option 1

The following business procedure is used for removing Interim Funder security interests with a TOB Option 1 transaction:

1. The Servicer registers the loan, identifying an Interim Funder entity as holder of a secured interest on the MERS[®] System.
2. The Servicer sells the loan to an Option 1 Investor (Fannie Mae for example) and includes the MIN in its loan delivery transmission.
3. The new Option 1 Investor creates a batch transaction that updates the MERS[®] System. The beneficial interest on the sold loan(s) is transferred to the investor, and the Interim Funder is automatically removed.
4. The removal of Interim Funder appears on the MIN-level milestones.
5. The Interim Funder organization receives a *Release of Security Interests by Interim Funder Verification Report*
6. The Interim Funder reviews any wiring instructions provided to it by the lender as applicable and contacts the seller of the beneficial interests if there are problems.

Business Procedure—TOB Option 2

1. The Servicer registers the loan, identifying the Interim Funder at registration as holder of a secured interest on the MERS[®] System.
2. The Servicer then initiates an Option 2 transfer of beneficial rights on the MERS[®] System.
3. The Investor purchasing the beneficial rights confirms or rejects the transfer of beneficial rights.
4. The Interim Funder verifies that its advance on this loan has been repaid, usually because of the investor purchase.
5. The Interim Funder removes its secured interest on the MERS[®] System.
6. The removal of Interim Funder appears on the MIN-level milestones.
7. The Investor, the Interim Funder, the Servicer or Member selling the rights and the Document Custodian (if applicable) receive a *Release of Security Interests by Interim Funder Verification Report*.

Reports

The following reports are generated during the interim funding process. For a detailed description of each report, see the [*MERS[®] System Reports Handbook*](#):

- * *Coexisting Security Interests Report*
- * *Release of Security Interests by Interim Funder Report*
- * *Interim Funding Reject Report*
- * *MIN Milestone Report for Associated Members*

Removing Warehouse/Gestation Lender Security Interests

Overview

Warehouse Gestation Lender interests are removed from the MERS[®] System in three ways:

- Indirectly when an Option 1 transfer of beneficial rights is completed
- Indirectly when a Transfer of Servicing rights is completed
- Directly by the Servicer or Subservicer

It is not necessary to have the Warehouse Gestation Lender interest removed for a beneficial rights transfer to occur. Completed Option 2 transfers with existing Warehouse Gestation Lender interests will appear on an exception report, which notes the coexisting beneficial interests.

If the Option 1 beneficial rights transfer is used, the Warehouse Gestation Lender interests are removed automatically. The Warehouse Gestation Lender reviews any wiring instructions provided to it by the originator as applicable and contacts the seller of the beneficial interests if there are problems.

Impact

The Removal of the Warehouse Gestation Lender security interests affects the following types of organizations:

- Interim funding organizations
- Investors
- Servicer
- Subservicers
- Associated Members

Business Procedure—TOB Option 1

The following business procedure is used for removing Warehouse Gestation Lender security interests using a TOB Option 1 transaction:

1. The Servicer registers the loan, identifying the Warehouse Gestation Lender entity as holder of a secured interest on the MERS[®] System.
2. The Servicer sells the loan to an Option 1 Investor (Fannie Mae for example) and includes the MIN in the loan delivery transmission.
3. The new Option 1 Investor creates a batch transaction that updates the MERS[®] System. The beneficial interest on the sold loan(s) is transferred to the investor, and the Warehouse Gestation Lender is automatically removed from the MIN
4. The removal of Warehouse Gestation Lender appears on the MIN-level milestones.
5. The Warehouse Gestation Lender organization receives a *MIN Milestone Report for Associated Members* and a *Change Notification Report*.
6. The Warehouse Gestation Lender reviews any wiring instructions provided to it by the lender as applicable and contacts the seller of the beneficial interests if there are problems.

Business Procedure—TOB Option 2

1. The Servicer registers the loan, identifying the Warehouse Gestation Lender at registration as holder of a secured interest on the MERS[®] System.
2. The Servicer then initiates an Option 2 transfer of beneficial rights on the MERS[®] System.
3. The Investor purchasing the beneficial rights confirms or rejects the transfer of beneficial rights.

4. The *Coexisting Security Interests Report* informs the Investor and Warehouse Gestation Lender of their mutual security interests.
5. The Warehouse Gestation Lender verifies that its advance on this loan has been repaid, usually because of the investor purchase.
6. The Warehouse Gestation Lender's interest is automatically removed by a Transfer of Servicing Rights, or removed by the Servicer or Subservicer if servicing is not transferred.
7. The removal of Warehouse Gestation Lender appears on the MIN-level milestones.
8. The Warehouse Gestation Lender receives the *MIN Milestone Report* and the *Change Notification Report*.

Reports

The following reports are generated during the removal of Warehouse Gestation Lender security interests process. For a detailed description of each report, see the [*MERS[®] System Reports Handbook*](#):

- * *Coexisting Security Interests Report*
- * *MIN Milestone Report for Associated Members*
- * *Change Notification Report.*

Transfer of Servicing Rights

Overview

There are two types of servicing rights transfers: flow transfer of servicing rights and transfer of *seasoned* servicing rights. The MERS® System defines flow transfers of servicing rights as those completed 270 calendar days or less after the note date. A seasoned transfer of servicing rights is one that occurs more than 270 days after the note date. MERSCORP, Inc. management reserves the right to examine the Purchase and Sale Agreement under which a sale and transfer of servicing rights occurs if there is doubt whether a particular transfer meets the flow criteria.

Note: Both seller and buyer are responsible for completing the transfer on the MERS® System in a timely manner. The determination of whether a transfer is seasoned (and therefore incurs a seasoned transfer fee) is based on how long after the note date the loan is transferred on the MERS® System.

The MERS® System will distinguish the difference between flow and seasoned transfers of servicing rights and bill the applicable fee for seasoned transfers. There is no fee for flow transactions regardless of how many flow transactions a MIN undergoes.

When a TOS transaction contains both flow and seasoned MINs, the MERS® System will move the flow and seasoned MINs to separate batches. If submitted through the Flat File/EDI X12, the system will create additional batches for each Investor involved in the batch.

In a flow batch, if the sale and transfer dates submitted are not equal, the MERS® System will change the sale date to equal the transfer date.

If the Investor (such as Ginnie Mae) requires Servicer Agency ID, the new Servicer must provide its Agency ID either at the MIN level or in its Member Information (which will then populate the MIN with the Agency ID) after confirmations and before transfer occurs. If the batch is already created but is lacking Agency IDs, the Servicer can update each MIN in the batch. Servicers with more than one Agency ID for that Investor must update each MIN unless the Agency ID to be used is included in their MERS® System Member Information. To update a TOS batch, the Servicer will use the Confirm Batch transaction.

When a current Servicer sells servicing rights to loans it services to a new Servicer, the roles of any Subservicer (both current and new) and Investor are considered. Any combination of these roles is supported in the MERS® System.

NOTE FOR FLAT FILE/EDI X12 USERS: To update the MIN with Agency ID without affecting the confirmations, use a 252 transaction with "N" (No) for Confirmation action code, and Confirmation for Effective Date. Both fields must contain "N" in order to bypass the confirmation edits. Refer to the [Integration Handbook Volume II](#) and the [EDI Implementation Guide](#) for details.

A MIN can only exist in one transfer of servicing rights at a time, and can only exist in an Option 2 TOB transaction and a TOS transaction simultaneously if the New Servicer and New Investor are the same entity. If a conflict occurs, the following happens:

- **In MERS® OnLine**, the second transaction rejects during creation and the batch cannot be created until the “conflicting” batch is processed or canceled or the “conflicting” MIN is removed from the batch to be created.
- **In a Flat File/EDI X12 process**, the batch is created if at least one MIN is valid. MINs that already exist in a TOS or TOB Option 2 batch will reject and appear on the reject report. The MERS® System automatically creates the appropriate batches based on the current Investor listed on the MIN for batch transactions, for MINs that match the flow criteria.

A MIN can exist in a TOS batch and an Option 1 TOB batch simultaneously.

- If **some** of the MINs in the TOS batch are also in the Option 1 TOB, the system will automatically delete the duplicate MINs from the TOS batch, and create a new batch for them using the new Investor
- If **all** the MINs in the TOS batch are also in the Option 1 TOB, a new batch is not created, and the existing TOS batch is updated with the new Investor.

Impact

The transfer of servicing rights process has potential impact to the following types of organizations:

- Servicers
- Subservicers
- Investors
- Document Custodians
- Associated Members

The general process in a Transfer of Servicing rights is:

- The current Servicer or Subservicer creates a pending transfer of servicing rights on the MERS® System and specifies the new Servicer and/or Subservicer, Investor, Sale Date (if different from the Transfer Date), Transfer Date, and new Document Custodian.
- The Servicer may create a Transfer of Servicing Rights transaction when a Subservicer is also named on the MIN.

- The new Servicer, any Subservicer, Custodians, and the Investor (if required) are notified of the pending transfer by a *Pending Transfer of Servicing Rights Report*.
- The initiating Member can cancel the transfer batch anytime before the transfer takes place.
- The initiating Member can change the Transfer Date anytime before the Transfer Date is reached, as long as no MINs in the batch have been confirmed.
- If the new Servicer is a Non-MERS member, or for an iRegistration, the current Servicer is responsible for preparing and recording assignments in the county land records evidencing the transfer of title to the new Servicer.
- If the new Servicer is a Non-MERS Member, a deactivation transaction is used instead of the TOS transaction. (See [Transfer to Non-MERS Status](#).)
- The confirmation for the initiating Member is automatic.
 - If the Servicer creates the TOS, the confirmation for the Current Servicer is automatic.
 - If the Subservicer creates the TOS, the confirmation for the Current Subservicer is automatic, and the Current Servicer must confirm the transfer.
- If there is a New Subservicer, the New Subservicer confirms the transfer, and the New Servicer does not confirm.
 - When the Current Servicer creates a batch naming itself as the New Subservicer, the confirmation for the New Subservicer is automatic.
 - When the Current Subservicer creates a batch naming itself as the New Servicer, and naming a New Subservicer, the New Subservicer is required to confirm the transfer.
 - When the Current Subservicer creates a batch naming itself as the New Subservicer, the confirmation for the New Subservicer is automatic.
- If there is no New Subservicer, the New Servicer confirms the transfer.
 - When the Current Subservicer creates a batch naming itself as the New Servicer without naming a New Subservicer, the confirmation for the new Servicer is automatic.
- **For seasoned transfers only**, if the Investor has specified in Member Information that it must confirm transfers of servicing rights on its loans, the Investor confirms the transfer.

- The New Servicer (or New Subservicer if present), Current Servicer, or Investor (only for seasoned loans, and only if Investor has specified in Member Information that it must confirm transfers of servicing rights) may reject the transfer any time before the transfer date.
 - If you reject the transfer as the New Servicer or New Subservicer, using MERS® OnLine, you can choose from a dropdown list of Reject Reasons. Specific definitions for these Reject Reasons are determined by each Member.
- On the Transfer Date, and on each processing day that the batch remains in overdue status:
 - MINs that have been confirmed by all necessary parties will transfer to the new Servicer and/or Subservicer.
 - If the Investor has indicated in its Member Information that Agency ID is required, the System will automatically update each MIN in the batch with the Agency ID listed in the new Servicer's Member Information. The Agency ID will update to null values if the new Investor does not require Agency ID.
 - Any existing Warehouse Gestation Lender is removed from the MIN.
 - The current Custodian remains on the MIN unless a new Custodian, or the remove Custodian indicator, is specified when the transfer is created.
 - Associated Members (with the exception of Warehouse Gestation Lender) identified on each transferred MIN remain with that MIN
 - The current Servicer or Subservicer can delete the Associated Member anytime before the transfer takes place.
 - Once the transfer has taken place, the new Servicer or Subservicer can update Associated Member information.
 - After the transfer is complete, the old Servicer or Subservicer cannot update the loans.
 - MINs that are rejected by any party will be removed from the batch without being transferred.
 - MINs that are neither confirmed nor rejected will remain in the batch in an overdue status.
 - MINs can still be confirmed while batch status is overdue.
 - If any MINs remain in the batch on the Transfer Expiration Date (30 days after the Transfer Date or batch creation date, whichever is later), the batch will be cancelled, and the remaining MINs will not be transferred.

Flow Transfer of Servicing Rights

Note Date

MINs with a note date 270 or fewer calendar days from the Transfer Date will be processed in a flow TOS batch.

- **If the Flow TOS Flat File/EDI X12 transaction is used:**
If the note date on one or more MINs is more than 270 days before the Transfer Date, the flow transfer of servicing rights batch is created without those MINs. The following error message appears for the rejected MINs on the *Transfer of Servicing Rights Reject Report*: “Transfer Date is past the cutoff for a flow transaction”
 - Use the TOS Flat File/EDI X12 transaction instead of the Flow TOS Flat File/EDI X12 transaction if you also have seasoned MINs to transfer. It will separate flow and seasoned MINs into separate transfer batches, and you will be charged only for the seasoned transfers.

Sale Date/Transfer Date

Because there is not a “staging” period in a flow transfer of servicing, the MERS® System defaults the Sale Date to the value in the Transfer Date field.

- **In MERS® OnLine**, the Sale Date is automatically set equal to the Transfer Date when you complete the Transfer Date field.
- **In a Flat File/EDI X12 process**, the Sale Date is set equal to the Transfer Date when the batch is created on the MERS® System. If the initiator of a TOS transaction enters a value in the Sale Date field for the batch, the following warning message appears on the Rejects/Warnings report for the flow TOS batch: “Sale Date is not allowed.”

No Investor Confirmation of Flow Transfer of Servicing

To reflect current industry practices, an investor does not have the ability to confirm a flow transfer of servicing transaction, regardless of the approval options indicated in Member Information. The approval options indicated in Member Information apply to seasoned transfer of servicing transactions.

Milestones Updated

The milestones generated for MINs that transfer successfully in a flow TOS are labeled “Transfer of flow servicing rights.”

Seasoned Transfer of Servicing Rights

Note Date

MINs with a note date more than 270 calendar days before the Transfer Date will be processed in a seasoned TOS batch.

Sale Date and Transfer Date

The Sale Date is when the buyer purchases the servicing rights. The Transfer Date is when the new Servicer or Subservicer begins the physical servicing of the loan. The dates are specified in the purchase and sale agreement between the buyer and seller of servicing rights.

- The buyer purchases the servicing rights on the Sale Date, and the buyer physically begins servicing the loans on the Transfer Date.
- The transfer on the MERS® System takes place on the Transfer Date if all necessary confirmations have been made.
- The transfer batch on the MERS® System is cancelled 30 days after the Transfer Date or transfer batch creation date, whichever is later, if all necessary confirmations have not been made.

Investor Confirmation

An Investor may choose to confirm seasoned TOS transactions for loans on which they are the Investor. The approval option is set by MERSCORP, Inc. in Member Information. This approval option applies to seasoned TOS only.

Milestones Updated

The milestones generated for MINs that transfer successfully in a seasoned TOS are labeled "Transfer of seasoned servicing rights."

Involuntary Transfer/Default by Servicer—Loans transferred to a MERS® System Member

The system currently represents an involuntary transfer as a default by the Servicer, although there may be more reasons for an involuntary transfer than the Servicer defaulting.

- The Involuntary Transfer/Default by Servicer TOS in which loans are transferred to a MERS® System Member is processed by MERSCORP, Inc. for most Members:
- The Investor contacts the MERSCORP, Inc. corporate offices when they have made a decision to transfer servicing from a Servicer on the MERS® System. The Investor identifies the current Servicer, new Servicer, Sale Date, and Transfer Date.
- The Investor may ask MERSCORP to temporarily set the Lockout Flag for the Servicer. When the Lockout Flag is set for a Member, that Member is not able to log on to MERS® OnLine or perform any transactions on the MERS® System, including X12 or flat file transactions. A more specific lockout may be set to affect all loans on the MERS® System that are associated with that Servicer for that Investor. MERSCORP will notify via email all Members impacted by the lockout.
- The Investor instructs MERSCORP which loans to transfer.
 - If any loans included in the involuntary transfer/default by Servicer transaction also exist in another TOS batch, MERSCORP assumes the role of the initiator of the pending TOS batch and deletes these MINs from the pending transaction. All parties involved in the canceled TOS batch will receive a *Canceled Transfer of Servicing Rights Report*.
- MERSCORP initiates a transfer of servicing transaction on behalf of the current Servicer.
- The Investor confirms the transfer of servicing transaction if they have signified on their member profile they wish to approve servicing transfers.
- The new Servicer is also required to confirm the transfer of servicing.
- Reporting and milestone generation are identical to the other transfer of servicing processes.
- If the old Servicer has a Subservicer, MERSCORP assumes the role of that Subservicer (only for purposes of updating the MERS® System and does not actually service or subservice any loans) and creates separate transfer of servicing transactions on behalf of the Subservicer. The current Subservicer may also be instructed to perform the transfers.

- MERSCORP may give Option 1 Investors access to an Option 1 TOS transaction for default by servicer. The Option 1 TOS allows the current Investor on a loan to complete a Transfer of Servicing transaction without confirmation being required from either the old or new Servicer.
- Once this transaction type is authorized by MERSCORP for their organization, the Option 1 Investor can create Option 1 TOS transactions in MERS® OnLine, or through flat files or EDI transactions.
- An Option 1 TOS batch cannot be confirmed, rejected, or modified, but it may be cancelled by the initiator if it was created in error.
- An Option 1 TOS cannot be performed on:
 - A MIN where the Servicer and Investor are the same (use TOS or TOS/TOB transaction instead)
 - A MIN in a pending Option 1 TOB batch
 - A MIN in a pending Option 2 TOB batch initiated by the Investor (Investor can cancel TOB batch and then create Option 1 TOS batch)
- A MIN included in an Option 1 TOS batch will be removed from any existing transfer batch, and will not be allowed to be included in any new transfer batch, initiated by the Servicer or Subservicer:
 - Option 2 TOB
 - TOS
- A MIN will be automatically removed from a pending Option 1 TOS batch if it is included in a new Option 1 TOB batch.
- The Member Options page in MERS® OnLine denotes if a Member is allowed to perform Option 1 TOS transactions

Involuntary Transfer/Default by Servicer—Loans transferred to a non-MERS® System Member Servicer

See [Deactivations](#) chapter, [Involuntary Transfer/Default by Servicer](#) section.

Processing

During the creation of a TOS batch...

If a MIN already exists in an Option 2 TOB batch, and the New Investor Org ID for the TOB batch is the same as the New Servicer Org ID for the TOS batch, then that MIN cannot be rejected from the TOS batch.

If SOME MINs in the TOS batch are also in an Option 1 TOB batch, the system will:

- Delete the duplicate MINs from the pending TOS batch
- Create a new TOS batch containing the duplicate MINs
- Carry over confirmation settings to the new batch (for example, if you have confirmed the transfer for three MINs, those three MINs will show a confirmed status)
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch
- Report the duplicate MINs on the *MINs Deleted From Pending TOS Rights Report* (SI)

The current Servicer/Subservicer should remind the new Servicer/Subservicer that the duplicate MINs are in a new TOS batch, and any changes to confirmations or rejections must be completed before the transfer occurs.

If ALL MINs in the TOS batch are also in an Option 1 TOB batch, the system will:

- Update the Investor of the existing TOS to the new Investor in the TOB Option 1
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch

On the Transfer Effective Date...

(or in the current processing cycle if the Transfer Date is less than the current date) the system will:

- Remove from the batch all confirmed MINs,
- Update the rights holder for all confirmed, active MINs,
- Update milestones for each transferred MIN
- Mark these MINs as transferred on the *Physical Transfer of Rights Report* (SC)
- Remove from the batch all rejected MINs (all MINs with at least one confirmation indicator set to "N") and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different servicer

- Mark these MINs as rejected or removed on the *Physical Transfer of Servicing Rights Report (SC)*
- If there are any remaining unconfirmed MINs left in the batch, the system will change the batch status to “Overdue” and list only the remaining MINs on the *Overdue Transfer of Servicing Rights Report (SE)*

NOTE about the *Physical Transfer of Servicing Rights Report (SC)*: This report is NOT cumulative. You must review it each time it is produced to see the activity from the previous cycle.

After the Transfer Effective Date...

For each processing cycle, the system will:

- Remove from the overdue batch all newly confirmed MINs,
- Update the rights holder for these MINs,
- Update milestones for each transferred MIN
- Mark these MINs as transferred on the *Physical Transfer of Servicing Rights Report (SC)*
- Remove from the batch all MINs newly rejected by the confirming Member (all MINs with at least one confirmation indicator set to “N”) and MINs removed by the system due to the MIN becoming deactivated or re-registered with a different servicer
- Mark these MINs as rejected or removed on the *Physical Transfer of Servicing Rights Report (SC)*
If there are any remaining active, unconfirmed MINs in the overdue batch, they will be listed on the *Overdue Transfer of Servicing Rights Report (SE)*
If there are unconfirmed MINs in a batch 20 days after the Transfer Effective Date, the system will display a message on the Welcome Page for both the initiating and confirming Members.

On the Transfer Expiration Date...

(30 days from the Transfer Date or from the Creation Date if Transfer Date is prior) the system will:

- Produce the *Expired Transfer of Servicing Report (SD)* listing any unconfirmed MINs
- Mark the batch as “Pending Delete” and stop all further processing on the batch.

Business Procedure

The seller must initiate all Transfer of Servicing Rights transactions within five calendar days of the effective transfer date.

The effective transfer date is the date defined in the Purchase and Sale Agreement on which the buyer begins servicing the loans on its servicing system.

If you create a transfer Batch that has missing MINs, or MINs that shouldn't be included, use the Modify Batch option on MERS® OnLine to correct it while the Batch is in pending or overdue status. This activity will produce a *Modified Batch –Transfer of Servicing Rights Report*

Once this transaction has been completed, the seller no longer has update access to transferred loans.

If the transfer is still not confirmed 30 calendar days after the Transfer Date, the seller remains in the Servicer field on the MERS® System.

1. The current Servicer or Subservicer (or Investor for an Option 1 TOS) initiates the transfer transaction by entering the following loan transfer information:
 - Sale Date (used for seasoned transfer only)
The Sale Date may be a future date or up to 60 calendar days prior to the transaction creation date. On a Flow TOS, Transfer Date is used for Sale Date.
 - Transfer Date
 - Org ID of current Investor
 - Org ID of current Servicer
 - Org ID of current Subservicer (if applicable)
 - Org ID of new Servicer
 - Org ID of new Subservicer (if applicable)
 - Org ID of new Custodian (if applicable)
 - MIN(s)
4. The MERS® System validates the information.
3. The current and new Servicer, Subservicer, Investor, Document Custodian, and Interim Funder of the loans to be transferred receive and review a *Pending Transfer of Servicing Rights Report* every day the transfer is in a pending status.
4. The old and new Servicers reconcile the transfer information.
5. The new Servicer or Subservicer confirms the transfer (except for an Option 1 TOS).
6. On a seasoned transfer of servicing rights, the Investor confirms the transfer (if applicable).
7. The transfer takes place on the Transfer Date.
8. If a Warehouse/Gestation Lender appeared on the MIN before the transfer, it is removed.
9. If a Property Preservation Company appeared on the MIN before the transfer, it is removed.
10. The transfer of servicing rights appears on the MIN-level milestones.
11. The current and new Servicer, Subservicer, Investor Document Custodian, and Interim Funder receive a *Physical Transfer of Servicing Rights Report*.
12. All Associated Members on the MIN receive the *MIN Milestone Report for Associated Members*.

Reports

The following reports are generated during the Transfer of Servicing Rights process. For a detailed description of each report, see the [MERS® System Reports Handbook](#):

- * *Pending Transfer of Servicing Rights Report*
- * *Sale of Servicing Rights Report*
- * *Modified Batch – Transfer of Servicing Rights*
- * *Physical Transfer of Servicing Report*
- * *Expired Transfer of Servicing Rights Report*
- * *Overdue Transfer of Servicing Rights Report*
- * *Transfer of Servicing Rejects Report*
- * *Canceled Transfer of Servicing Rights Report*
- * *Current Investor Changes for Pending Transfer of Servicing Rights Report*
- * *MINs Deleted from Pending Transfer of Servicing Rights Report*
- * *MIN Milestone Report for Associated Members*

TOS/TOB Combination

Overview

This chapter describes how to perform a single transaction, called a TOS/TOB Combo, to reflect a Transfer of Servicing Rights (TOS) and an Option 2 Transfer of Beneficial Rights (TOB). The transaction has the same requirements and undergoes the same processing criteria as the TOS and TOB Option 2 transactions outlined in the [Transfer of Servicing Rights](#) and [Transfer of Beneficial Rights](#) chapters.

Both beneficial and servicing rights must be transferring from a single Member to a single Member, but you can also designate a new Subservicer. You can designate a new Document Custodian, or delete all Document Custodians on the MINs in the TOS/TOB Combo batch.

Like the TOS, the TOS/TOB Combo will only generate a transaction fee if the transfer date is more than 270 days later than the note date.

A MIN contained in a TOS/TOB Combo may exist simultaneously in an Option 1 TOB. However, any MIN contained in a TOS/TOB Combo cannot exist simultaneously in another TOS or an Option 2 TOB.

This transaction may only be initiated by the current Servicer or Subservicer on the MIN, and may be performed either in MERS® OnLine or by EDI X12/Flat File.

Impact

The transfer of servicing rights process has potential impact to the following types of organizations:

- Servicers
- Subservicers
- Investors
- Document Custodians
- Associated Members

Transfer Dates

The Member that creates the TOS/TOB Combo transaction will identify both a Transfer Date and Beneficial Rights Transfer Date. The Transfer Date may be up to 180 days after, or up to 30 days before, the transfer creation date. The Beneficial Rights Transfer Date cannot be later than the TOS date, but may be a retroactive date within 60 calendar days of the transaction creation date.

The transfer dates may be changed any time prior to the transfer completion date by the Member that created the transaction, and the entire batch may be canceled by the Member that created the transaction anytime before it is confirmed by the receiving Member.

All MINs identified in the TOS/TOB Combo transaction must be “Active (Registered)”. MINs with a note date 270 or fewer calendar days prior to the transaction effective date will create a Flow TOS/TOB batch. MINs with a note date more than 270 calendar days prior to the transaction effective date will create a Seasoned TOS/TOB batch, for which the transferring Member will be billed the applicable fee.

If SOME of the MINs in the pending TOS/TOB batch also exist in a TOB Option 1 batch, the system will:

- Delete the duplicate MINs from the pending TOS/TOB batch
- Report the duplicate MINs on the “MINs Deleted From Pending TOS Rights” report (SI) and the “MINs Deleted from Transfer of Beneficial Rights” report (BH)
- Create a new Flow TOS batch containing any duplicate MINs with a note date 270 or fewer days before the transfer date. The MINs left in the original TOS/TOB are not affected.
- Carry over confirmation settings to the new batch (for example, if you have confirmed the transfer for three MINs, those three MINs will show a confirmed status)
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch

The current Servicer/Subservicer should remind the new Servicer/Subservicer that the duplicate MINs are in a new TOS batch,

and any changes to confirmations or rejections must be completed before the transfer occurs.

If ALL MINs in the pending TOS/TOB batch are also in an Option 1 transfer of beneficial rights batch, the system will:

- Delete any seasoned MINs from the pending TOS/TOB batch.
- Report the deleted MINs on the “MINs Deleted From Pending TOS Rights” report (SI) and the “MINs Deleted from Transfer of Beneficial Rights” report (BH).
- Change the transfer type of the batch from TOS/TOB Combo to Flow TOS. This batch will retain the original batch number.
- Update the Investor of the Flow TOS batch to the new Investor named in the TOB Option 1
- Set the Beneficial Transfer date to null since it will not be used in the resulting Flow TOS
- Set the Agency ID for each MIN in the new batch to match the value (if any) in the TOB Option 1 batch

Once a transfer is created and pending, all parties named in the batch can view the pending transaction using the View List of Batches feature in MERS® OnLine.

Once a transfer is created:

- The transfer initiator can:
 - Add MINs using Modify Batch any time before the transfer is completed.
 - Delete MINs from the batch using Modify Batch, as long as the MINs have not yet been confirmed by the receiving party.
 - Change the Transfer Date.
 - Cancel the entire batch any time prior to the completion of the batch
- The new or old Servicer/Investor can confirm or reject loans from the batch at any time prior to the Transfer Date.

- The investor loan and pool numbers can be changed by the new Investor to reflect its own information
- If the initiating Member named an incorrect Document Custodian or Subservicer in the batch, the batch must be cancelled and recreated.

Business Procedure

The seller initiates the TOS/TOB Combo either in MERS® OnLine or via batch.

- The Sale Date will default to the Transfer Date entered. A seasoned TOS/TOB will use the Sale Date if one is entered; a flow TOS/TOB will ignore any Sale Date entered and use the Transfer Date.
- The Transfer Date and Beneficial Rights Transfer Date field values can be changed any time prior to transfer completion by the Member who created the TOS/TOB transaction.
- The transfer can be canceled any time prior to transfer completion by the Member that created the transaction.
- The current Investor and the current Servicer must have the same Org ID.
- The MIN Information window will reflect that a MIN currently exists in a pending TOS/TOB batch.
- The TOS batch confirmation transaction will be used to confirm the TOS/TOB Combo transaction. A TOS/TOB combo transaction can be confirmed via MERS® OnLine or through a flat file/EDI X12 transmission.
- The New Servicer/Investor only confirms the servicing rights transfer; the beneficial rights transfer does not have to be confirmed separately.
- The old or new Servicer/Investor may reject the transfer by MIN, Pool Number or batch any time before the Transfer Date.
 - If you reject the transfer as the new Servicer/Investor, using MERS® OnLine, you can choose from a dropdown list of Reject Reasons. Specific definitions for these Reject Reasons are determined by each Servicer/Investor.
- Both the beneficial rights and the servicing rights will transfer to the party named in the New Servicer/Investor field.

If a transfer of servicing batch is not confirmed by the Transfer Date, the loan status on MERS® System reflects an overdue status.

- The TOS/TOB transaction will not allow the party named in the new Servicer/Investor field to be an Option 1 Investor.
- The completed TOS will remove Warehouse Gestation Lender interests from the MINs.
- The completed TOS will remove Property Preservation Company Associated Members from the MINs.
- Two milestones will be added for each TOS/TOB transaction: one for the Servicing Rights Transfer, and one for the Beneficial Rights transfer.
- TOS/TOB Combo transactions will be recorded on the Transfer of Servicing Reports.
- The MERS® System will cancel the remaining MINs in a TOS/TOB Combo transaction on the transfer deletion date (31 calendar days after the servicing rights Transfer Date, or 31 calendar days after the servicing rights transfer creation date if the servicing rights Transfer Date is retroactive)
- For MINs in a TOS/TOB Combo transaction where the transaction is canceled, the system will automatically reverse the servicing rights transferred at the Sale Date.
- The current and new Servicer, Subservicer, Investor, Document Custodian, and Interim Funder receive a *Physical Transfer of Servicing Rights Report*.
- All Associated Members on the MIN receive the *MIN Milestone Report for Associated Members*.

Reports

The following reports are generated during the TOS/TOB Combination process. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *Canceled Transfer of Beneficial Rights Report*
 - * *Canceled Transfer of Servicing Rights Report*
 - * *Current Investor Changes for Pending Transfer of Servicing Rights Report*
 - * *Expired Transfer of Beneficial Rights Report*
 - * *Expired Transfer of Servicing Rights Report*
 - * *Investor Removed by Option 1 Transfer of Beneficial Rights Report*
 - * *MIN Milestone Report for Associated Members*
 - * *MINs Deleted from Transfer of Beneficial Rights Report*
 - * *MINs Deleted from Pending Transfer of Servicing Rights Report*
 - * *Modified Batch – Transfer of Servicing Rights*
 - * *Overdue Transfer of Servicing Rights Report*
 - * *Pending Transfer of Servicing Rights Report*
 - * *Physical Transfer of Servicing Report*
 - * *Sale of Servicing Rights Report*
 - * *Summary of Transfer of Beneficial Rights Rejects Report*
 - * *Transfer of Beneficial Rights Rejects Report*
 - * *Transfer of Servicing Rejects Report*
-

Deactivations

Overview

This chapter explains the processes for deactivating a loan on the MERS[®] System. Loans are deactivated if the debt no longer exists (e.g. at payoff), or if it is assigned out of Mortgage Electronic Registration Systems, Inc. ("MERS") (e.g. when servicing or beneficial rights are sold to a non-MERS[®] System member).

A deactivation can be reversed if it was performed in error; see the [*Deactivation Reversals*](#) chapter.

If a loan that was deactivated because it was assigned out of MERS is later assigned back to MERS, it can be re-registered; see [*Re-registration After Deactivation*](#).

Involuntary Transfer/Default by Servicer (*MERSCORP Only Transaction*)

Overview

The involuntary transfer/default by Servicer deactivation is performed only by MERSCORP on behalf of an Investor. This may occur when the Investor transfers servicing from the current Servicer and *places the servicing with a non-MERS[®] System Member Servicer*. If an involuntary transfer/default by Servicer occurs and the servicing rights are transferred to another MERS[®] System Member, the transfer is processed as a transfer of servicing rights (TOS) transaction.

Impact

The Default by Servicer process affects the following types of organizations:

Although an involuntary transfer affects these parties, only the investor can initiate an involuntary transfer deactivation.

- Servicers
- Subservicers
- Investors
- Custodians
- Associated Members

Business Procedure

MERSCORP performs the following procedures on behalf of the Investor:

1. Select Involuntary Transfer as the deactivation reason on the MERS® System.
2. Enter the assignee information :
 - Name
 - Address
 - City
 - State
 - Zip Code
 - Contact
 - Phone
 - Extension
3. Enter the Servicers information :
 - Current Servicer Org ID
 - Current Subservicer Org ID
 - New Servicer Org ID
 - New Subservicer Org ID

“Non-MERS Servicer” is listed on the Organization Lists that displays when you click on the Servicer field.

4. The MERS[®] System updates the new Servicer and Subservicer if present.
5. The involuntary transfer/default by servicer deactivation appears on the MIN-level milestones.
6. The MERS[®] System sends a report to the Investor, Servicer, Subservicer, Custodian, and Interim Funder (if applicable).
7. The Servicer or Investor forwards the assignment to the recorder and adheres to the assignment processing procedures described in this manual and in the [Quality Assurance Procedures Manual](#).
8. If the loan is later assigned to a MERS[®] System Member, it can be re-registered (see [Re-registration after Deactivation](#)).

Reports

The following reports are generated during the Default by Servicer deactivation process. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *Deactivation Summary Report*
- * *Default by Servicer—Servicing Transferred to Non-MERS Servicer Verification Report*
- * *MIN Milestone Report for Associated Members*

Foreclosure

Overview

The MERS[®] System Foreclosure process is governed by the following rules:

- The investor determines whether foreclosure proceedings are to be conducted in the name of the Servicer or another party.
- If Mortgage Electronic Registration Systems, Inc. (“MERS”) is the mortgagee of record, through its Corporate Resolution the MERS[®] System Member servicing the loan executes an [Assignment From MERS](#) to the foreclosing party, and records the assignment promptly at the Servicer’s expense.

The Servicer reports the foreclosure activity on the MERS[®] System by choosing one of the following Pending options

- Deactivated - Assigned from MERS for Default or Bankruptcy
- Foreclosure Pending (Option 3), iRegistration (for iRegistration)

The Servicer will reinstate a loan if the reasons for foreclosure are resolved. The following two options enable the Servicer to reflect that the pending foreclosure has stopped and the loan has reinstated:

- Reinstated or modified (Option 2)
(Must be used if pending Option 2)
- Reinstated or Modified (Option 3), iRegistration
(Must be used if pending Option 3)

To reinstate a loan that has been Assigned from MERS for Default or Bankruptcy, use the Registration transaction (see [Re-registration after Deactivation](#) or [iRegistration after Deactivation](#)).

The option listed below enables the Servicer to complete the foreclosure on an iRegistration or a loan previously in a pending Option 2 foreclosure status:

- Foreclosure complete
(loan deactivated on MERS[®] System)

The final option enables the Servicer to correct an invalid foreclosure status and place the loan in an active (not in foreclosure) status:

- Foreclosure status reset

This option also can be used to reset the foreclosure status for an iRegistration in Reinstated or Modified Option 3 status if it is assigned to MERS and needs to be converted to a Non-MOM, because an iRegistration cannot be converted while it is in Modified Option 3 status.

A MIN that is deactivated by a foreclosure complete cannot be reactivated, but the deactivation can be reversed if it was performed in error; see [Deactivation Reversals](#).

Foreclosure and MIN Deactivation

The foreclosure options that cause MIN deactivation are:

- Foreclosure complete
- Deactivated - Assigned from MERS for Default or Bankruptcy

Note: a Foreclosure Complete deactivation also can be cascaded to the MERS® System from the MERS® eRegistry when the eNote is charged off. This transaction will appear as “Foreclosure Complete – eReg” on reports, milestones, and audit history.

The foreclosure options that do not cause the loan to be deactivated are listed below:

- Foreclosure Pending (Option 3), iRegistration.
- Reinstated or Modified (Option 3), iRegistration
- Reinstated or modified (Option 2)

Impact

This process has potential impact to the following types of organizations:

- Servicers
- Subservicers
- Investors
- Trustees
- Associated Members

Business Procedure

1. The investor determines whether foreclosure proceedings are conducted in the name of the Servicer, or a different party designated by the investor.
2. If MERS is the mortgagee of record, the Servicer executes an [Assignment From MERS](#) before initiating the foreclosure, and promptly sends it for recording.
3. The Servicer updates the MERS® System to indicate that a foreclosure is pending when the Servicer’s attorney performs the first legal action.
4. If the default is cured, the Servicer updates the MERS® System to reflect the reinstatement/modification.
5. Once the Servicer has liquidated the loan on its servicing system (at completion of the foreclosure sale or at the end of the redemption period) it deactivates the loan on the MERS® System.

6. The Servicer or Subservicer may insert a Property Preservation Company Org ID, or the Property Preservation Company may insert itself, on the loan even if the loan is in Foreclosure Complete status.

Reports

The following reports are generated during the foreclosure process. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *Foreclosure Verification Report*
- * *Foreclosure Reject Report*
- * *Past Due Foreclosure Terminations Report*
- * *Deactivation Summary Report*
- * *MIN Milestone Report for Associated Members*

Paid in Full (includes Short Sales, Deeds in Lieu, and Charge Offs not associated with a foreclosure completion)

Overview

A Paid in Full deactivation is used to deactivate loans when the Servicer accepts payoff funds. This also includes short sales, deeds-in-lieu, and charge-offs not associated with a foreclosure completion.

When the Servicer deactivates a loan, the loan status changes to inactive, and the current date is set as the deactivation date. Loans which are paid in full cannot be reactivated. The deactivation can be reversed if it was performed in error.

Note: a Paid in Full deactivation also can be cascaded to the MERS® System from the MERS® eRegistry when the eNote is paid off. This transaction will appear as “Paid Off – eReg” on reports, milestones, and audit history.

Impact

This process affects the following types of organizations:

- Servicers
- Subservicers
- Investors
- Associated Members

Only the loan Servicer or Subservicer can enter a paid in full deactivation.

Business Procedure—Paid in Full

1. The Servicer or Subservicer receives payment in full.
2. The Servicer or Subservicer processes a deactivation on the MERS[®] System indicating the loan has been paid in full.
3. The paid in full deactivation appears on the MIN-level milestones.
4. The Servicer or Subservicer prepares and records the lien release.
 - For MOM and Non-MOM loans, Mortgage Electronic Registrations Systems, Inc. must be named as the current mortgagee on the lien release documents, and the MIN and SIS telephone number must be included on the documents as described in the [Quality Assurance Procedures Manual](#).
5. If applicable, the Member is also responsible for notifying the MERS[®] System that a mortgage previously reported as paid in full has not been paid in full by performing a reversal on the MERS[®] System.

Reports

The Paid in Full process uses the following reports. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *Paid in Full Verifications Report*
- * *Payoff Reject Report*
- * *Deactivation Summary Report*
- * *MIN Milestone Report for Associated Members*

Transfer to Non-MERS Status

Overview

A Transfer to Non-MERS Status deactivation is used to deactivate a loan when it is sold to a Servicer who is not a member of the MERS® System, when a loan where Mortgage Electronic Registration Systems, Inc, ("MERS") is the mortgagee of record is assigned out of MERS, or when an iRegistration will no longer be tracked on the MERS® System.

For loans where MERS is the mortgagee of record, the Servicer must prepare and record an assignment from MERS to the new Servicer or Investor at its own expense.

Impact

This process affects the following types of organizations:

- Servicers
- Subservicers
- Investors
- Associated Members

Business Procedure—Transfer to Non-MERS Status

Only the loan Servicer or Subservicer can enter a Transfer to non-MERS Status deactivation. The Investor can initiate this transaction through instructions to MERSCORP, Inc. Offices.

The Transfer to Non-MERS Status transaction must be processed on the MERS® System within five calendar days of the event that caused the deactivation.

1. The Servicer or Subservicer processes a deactivation on the MERS® System by selecting the Transfer to Non MERS Status option and entering the following information:
 - Current Servicer Org ID
 - New Servicer Org ID (99999999)
2. For loans where MERS is the mortgagee, the Servicer enters the following assignee information:
 - Name
 - Address
 - City
 - State
 - Zip Code
 - Contact
 - Phone number

(Note: for an iRegistration that is not being assigned, use the Servicer's information.)

3. The Transfer to non-MERS Status deactivation appears on the MIN-level milestones.
4. The Servicer or Subservicer prepares the assignment at its own expense.
5. The Servicer or Subservicer forwards the assignment to the county recorder.
6. If the loan is later assigned to MERS, it can be re-registered (see [*Re-registration after Deactivation*](#)). If the loan is later assigned to a MERS[®] System Member who wants to track it on the MERS[®] System, it can be re-registered as an iRegistration (see [*iRegistration after Deactivation*](#)).

Reports

The Transfer to Non-MERS Status process uses the following reports. For a detailed description of each report, see the [*MERS[®] System Reports Handbook*](#):

- * *Transfer to Non-MERS Status Verifications Report*
- * *Transfer to Non-MERS Status Reject Report*
- * *Deactivation Summary Report*
- * *MIN Milestone Report for Associated Members*

Deactivation Reversals

Overview

If a MIN is deactivated in error, the Servicer must reverse its inactive status using the Deactivation Reversal transaction.

The deactivation cannot be reversed if an assignment has been sent or recorded removing Mortgage Electronic Registration Systems, Inc. ("MERS") as the mortgagee of record. However, such a loan may be re-registered if it is assigned back to MERS; see [*Re-registration after Deactivation*](#).

The deactivation also cannot be reversed on the MERS[®] System if it was cascaded from the MERS[®] eRegistry. You would need to reverse the deactivation on the MERS[®] eRegistry, cascading the deactivation reversal to the MERS[®] System.

The reversal process involves:

- Verify the loan information is current and accurate
- Process the reversal.

If information on the MIN is incorrect or out of date, the Servicer must correct it in MIN Information after processing the reversal.

Impact

The reversal process has potential impact on the following types of organizations:

- Servicers
- Subservicers
- Investors
- Associated Members

Business Procedure

1. Verify that the deactivation can be reversed.
2. Access Reversals, then Deactivation, in MERS[®] OnLine.
3. Enter the MIN.
4. Submit the reversal transaction.
5. If any corrections need to be made to the loan information, make the changes in MIN Information.

Reports

There are no reports associated with the reversal process.

Modification Agreements

Overview

You do not need to report Modification Agreement information to the MERS[®] System except for CEMAs and construction loans. However, when a loan currently registered on the MERS[®] System is modified, you must place the existing MIN (and SIS number for MOM and Non-MOM loans) on the Modification Agreement prior to recordation.

When a loan has been modified before being registered on the MERS[®] System, you should:

- Place the MIN from the security instrument (and SIS number for MOM and Non-MOM loans) on the Modification Agreement prior to recordation.
- Register the loan on the MERS[®] System using the Note Date and Note Amount from the original note.

When assigning a loan to Mortgage Electronic Registration Systems, Inc. ("MERS"):

- Assign the existing loan to MERS with a new MIN.
- Place the new MIN and SIS number on the Modification Agreement prior to recordation.
- Register the new MIN on the MERS[®] System using the Note Date and Note Amount from the original note.

Impact

The Modification Agreement process affects the following types of organizations:

- Servicers
- Subservicers
- Originators
- Third-party originators
- Investors
- Associated Members

Business Procedure

When the existing loan is a MERS[®] System-registered loan:

1. The Servicer places the existing MIN (and SIS number for loans with MERS as mortgagee) on the Modification Agreement and other applicable documents, and sends the documents for recording.

When assigning a loan to MERS:

1. The existing loan is assigned to MERS with a new MIN.
2. The Lender/Servicer places the new MIN and the SIS number on the assignment, Modification Agreement, and other applicable documents prior to recordation.
3. The Lender/Servicer prepares and records the assignment, Modification Agreement, and other applicable documents.
4. The Lender/Servicer registers the MIN using the Note Date and Amount from the original loan.

Reports

The following reports are generated during the modification process.

For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *MIN Milestone Report for Associated Members*

Consolidation, Extension, and Modification Agreements

Overview

If state law requires a lender to pay taxes only on additional funding of an existing loan or a new loan, the lender may choose a Consolidation, Extension, and Modification Agreement (CEMA) or Modification, Extension, and Consolidation Agreement (MECA) to consolidate or extend the term of an existing loan with or without additional funding to save the taxes associated with refinancing. This practice is predominantly found in New York. On the MERS[®] System, a CEMA or MECA is processed either as a deactivation and a new registration, or as a MIN update, depending on whether the consolidating Lender and the current Servicer are the same entity.

The processing of a CEMA or MECA has two parties: the current Servicer (the party that currently services the existing mortgage) and the new consolidating lender (the party providing the end financing). The two parties may be the same or different entities.

When the existing loan is currently registered on the MERS[®] System, and the current Servicer and the new Lender are different:

- The current Servicer submits a deactivation paid in full status on the old MIN.
- The consolidating lender generates a new MIN and places the new MIN and the SIS number on the Modification Agreement prior to recordation.
- The consolidating lender registers the new MIN on the MERS[®] System using the modification agreement note date and note amount.

OR (if both parties agree)

- The current Servicer transfers the loan to the consolidating lender on the MERS[®] System.

- The consolidating lender places the existing MIN and the SIS number on the Modification Agreement prior to recordation.

When the existing loan is currently registered on the MERS[®] System and the current Servicer and the new Lender are the same entities:

- The current Servicer/Lender places the existing MIN and the SIS number on the Modification Agreement prior to recordation.
- The current Servicer of the loan updates the existing MIN, adding the Modification Note Date and Amount on the MERS[®] System.

If the existing loan is not currently registered on the MERS[®] System:

- The current Servicer places the new MIN and the SIS number on the assignment prior to recordation.
- The Consolidating Lender (who may or may not be the current Servicer) places the new MIN and the SIS number on the Modification Agreement prior to recordation.
- The Consolidating Lender registers the new MIN on the MERS[®] System and includes the Modification Agreement Note Date and Amount.
- If a recorder's office or title insurer requests any assignment(s) to show continuity in the chain of title for purposes of the CEMA, please contact the MERSCORP Law dept. at mers@mersinc.org.

Impact

The CEMA process affects the following types of organizations:

- Servicers
- Subservicers
- Originators
- Third-party originators
- Investor
- Associated Members

Business Procedure

When the existing loan is currently registered on the MERS® System, and the current Servicer and the Consolidating Lender are different:

1. The current Servicer deactivates the old MIN as a paid in full.
2. The consolidating lender generates a new MIN and places it on the Modification Agreement and other applicable documents prior to recordation.
3. The consolidating lender prepares and records the Modification Agreement, including the new MIN (and the SIS number for MOM and Non-MOM loans).
4. The Lender or new Servicer registers the new MIN, using the original Note Date, original Note Amount, and entering the Modification Agreement information including Modification Note Date and Modification Agreement Note Amount on the modification agreement tab at Registration.

OR (if both parties agree)

1. The current Servicer transfers the loan to the consolidating lender on the MERS® System.
2. The new Servicer confirms the transfer.
3. The new Servicer prepares and records a Modification Agreement, placing the existing MIN on the Modification Agreement and other applicable documents prior to recordation.
4. The new Servicer enters the Modification Agreement information, including Modification Note Date and Modification Agreement Note Amount, on the MERS® System.

When the existing loan is currently registered on the MERS® System, and the current Servicer and new Lender are the same:

1. The consolidating Lender/Servicer prepares and records a Modification Agreement, placing the existing MIN and SIS number on the Modification Agreement and other applicable documents prior to recordation.
2. The Servicer adds the Modification Agreement Note Date and Modification Agreement Note Amount to the existing MIN using the Mod Agree option on the MIN Information menu, or via a batch process.

When assigning a loan to Mortgage Electronic Registration System, Inc. ("MERS"):

1. The current Servicer prepares and records an assignment to MERS of the existing loan with a new MIN, placing the MIN and SIS number on the assignment prior to recordation.
2. The consolidating lender (who may or may not be the current Servicer) prepares and records a Modification Agreement, placing the new MIN and SIS number on the Modification Agreement and other applicable documents prior to recordation.
3. The consolidating lender or new Servicer registers the MIN within seven days of the assignment date, using the original Note Date and Original Note Amount from the existing loan at Registration.
4. Modification Agreement information, including the Modification Agreement Note Date and Modification Agreement Note Amount (as well as any prior assignment and modification details), either at Registration, or as a MIN Update after Registration.

Reports

The following reports are generated during the CEMA process. For a detailed description of each report, see the [*MERS[®] System Reports Handbook*](#):

- * *Deactivation Summary Report*
- * *MIN Milestone Report for Associated Members*
- * *Maintenance Verification Report*

Assumption of Mortgage

Overview

A mortgage debt is assumed when the following occurs:

- A new borrower assumes the outstanding mortgage debt.
- A new borrower is added to the existing loan obligation.
- An existing borrower is removed from the loan obligation

The Servicer or Subservicer is responsible for entering the new borrower information on the system.

When entering a mortgage assumption, you need:

- MIN
- New borrower name(s)
- New borrower SSN(s)

Original borrower(s) information is needed to execute a lien release and remains in the system for the life of the loan. When an assumption occurs, the new borrowers become the current borrowers. Interim borrower(s) are not tracked.

The assumption date is not captured on the MERS[®] System. The date the assumption information is entered on the MERS[®] System will be reflected in the MIN-level milestones.

Impact

The Assumption of Security Instrument process affects the following types of organizations:

- Servicers
- Subservicers
- Investors
- Associated Members

Business Procedure

Only information regarding the original borrower and the current borrower is stored. Interim borrowers are not tracked.

1. Select the Assumption function from the MERS® OnLine main menu
2. Enter the MIN for the mortgage being assumed
3. If there is no information for the original borrower, the MERS® System copies the current borrower information into the original borrower fields
4. Enter the information into the current borrower information fields for all borrowers remaining after the assumption:
 - Borrower Name:
 - Corporate Name
(Business, Trust, or other non-individual)
 - OR**
 - First name
 - Middle name
 - Last name
 - Name Suffix
 - Social security number or tax ID
(required for primary borrower)
5. Set the Owner Occupied flag.
6. The assumption appears on the MIN-level milestones.

For foreign nationals with neither a SSN nor a Tax ID, enter 111111111 for SSN.

Reports

The following Assumption of Mortgage reports are available on the MERS® System. For a detailed description of each report, see the [MERS® System Reports Handbook](#):

- * *Assumption Verification Report*
- * *Assumption Rejects/Warnings Report*
- * *MIN Milestone Report for Associated Members*

Property Preservation

Overview

Servicers use property preservation companies to maintain and manage properties. For other Members and MERS® Link Subscribers to use the MERS® System to find and contact the property preservation company and/or contact for a property, each Member can identify one or more Property Preservation contacts for their organization, and up to four Property Preservation Companies as Associated Members on each MIN. Some municipalities have agreed to use MERS® Link to access these contacts in lieu of requiring Members maintaining local properties to maintain property preservation contact information on a local database for each property.

Members with a Property Preservation Company Line of Business may insert or delete their Org ID as Property Preservation Company on any MIN on which they have a Property Preservation Company Relationship with the Servicer or Subservicer. Property Preservation Company Org IDs may be updated when the MIN is active or when it is in Foreclosure Complete status.

Whenever the Servicer on a MIN is changed (e.g. by TOS, TOS/TOB Combo, Transfer to Non-MERS Status) all Property Preservation Company Org IDs are removed from the MIN.

Once reflected on the MIN as an Associated Member, the Property Preservation Company receives all Associated Member reports, has view-only access to loan details, and appears in the MERS® OnLine and MERS® Link MIN Summaries for that MIN.

Property Preservation contacts appear on the Member Summary available from the Org ID hyperlink available on the MERS® Link MIN Summary and the MERS® OnLine MIN Summary for Non-Rights holders.

Impact

Property Preservation processing affects the following types of organizations:

- Servicers
- Subservicers
- MERS® Link Subscribers
- Municipalities

Business Procedure

1. Servicer, Subservicer, and Property Preservation Company each create one or more Property Preservation contacts using the Member Information Contacts page in MERS® OnLine.
2. Property Preservation contacts are displayed on the MERS® Link Member Summary, and on the MERS® OnLine Member Summary, for each Member.
3. Servicer or Subservicer may create a Relationship to a Property Preservation Company, using the Member Information Relationships page in MERS® OnLine, to allow that company to insert or remove itself as a Property Preservation Company on that Servicer or Subservicer's loans.
4. Any Member can specify up to four Property Preservation Company Org IDs in their Registration Default Settings so they will be included by default as Associated Members on all loans registered in MERS® OnLine.
5. Servicer or Subservicer may insert a Property Preservation Company on its loans regardless of whether a relationship has been set up, as long as the loan is in Active or Foreclosure Complete status.
6. Property Preservation Company may insert or remove itself on any loan for a Servicer or Subservicer for which they are reflected in a Property Preservation Company relationship if the loan is in Active or Foreclosure Complete status.
7. Once reflected on the loan, Property Preservation Company may view all information for that loan except Social Security Numbers and Tax Identification Numbers.

8. Property Preservation Company appears in the MERS[®] Link and MERS[®] OnLine MIN Summaries for the loan, with an Org ID hyperlink to the Property Preservation company's Member Summary on the MERS[®] Link MIN Summary and the MERS[®] OnLine MIN Summary for non-rightsholders.
9. Servicer or Subservicer may update Property Preservation Company named on MIN in Active or Foreclosure Complete status.
10. Property Preservation Company receives all Associated Member reports for each MIN on which it is reflected as a Property Preservation Company, and receives the Maintenance Verification report if it inserts or removes itself on a MIN.

Reports

The following reports are available on the MERS[®] System for Property Preservation Companies. For a detailed description of each report, see the [MERS[®] System Reports Handbook](#):

- * *MIN Milestone Report for Associated Members*
- * *Change Notification Report*
- * *Maintenance Verification Report*



Reporting

Overview

MERSCORP prices transactions on the last business day of the month. The two-character report mnemonic for the monthly report is LD.

The MERS[®] System provides scheduled monthly reports, daily activity-based exception and confirmation reports, and on-request reports. The reports reflect the previous days' processing and are not real time ad hoc reports. The MERS[®] System maintains reports generated from the previous day's activity, and makes them available to you on-line for thirty calendar days.

We suggest that you implement a procedure for downloading your reports at least once a week and storing them until they are no longer needed, or until after reconciliation of the data with your internal systems.

The MERS[®] System provides a standard set of reports that you can access electronically.

- Tab-delimited text files can be imported into software applications your company supports for further manipulation.
- PDF files can be viewed or printed using Adobe Reader.

Reports reflect updates submitted to the MERS[®] System prior to 10 p.m. Eastern Time the previous business day.

You can view on-line or print your formatted reports from MERS[®] OnLine.

Reports can also be retrieved through the File Transfer Protocol (FTP) process. The MERS[®] System places report files in each Member's directory at the conclusion of each processing cycle, which can then be retrieved. See the [MERS[®] System Integration Handbook Volume II](#) for detailed instructions.

If you have written a program to retrieve the report data files generated by the MERS[®] System, a consolidated report data file for selected daily transactions is available. This will allow you to develop one common program to process this file, and eliminate the need for a separate program for each report data file. To verify that your automated process has been successful, and to assist in recovery if your automated process is interrupted, the MERS[®] System also produces the *List of Reports Produced*.

As your business grows, and more MINs are registered, your reports will increase in size. Many of the reports generated by the MERS® System are mandatory, while others are optional. As each company has its own reconciliation and loan accountability process, you may determine that your organization does not need certain optional reports. The MERS® System provides the ability to select which optional reports you receive.

More specific instructions can be found in the [MERS® OnLine User Guide](#), or the [Optional Reports Quick Reference Guide](#), available on our website at www.mersinc.org.

Impact

The Reporting process affects the following types of organizations:

- Servicers
- Subservicers
- Originators
- Third-party originators
- Interim funding organizations
- Investors
- Custodians
- Associated Members
- MERSCORP, Inc. Offices

Business Procedure – Retrieving Reports

To retrieve reports OnLine:

1. Select Reports from the MERS® OnLine main menu
2. Select the day for which you want to view a report.
3. Select the particular report you want to view.
4. View, print, or save the report
5. Review the report and reconcile with your internal systems.
6. Correct errors, warnings, and rejects.
7. Resolve and resubmit rejected transactions to MERS® System.

Reports generated by the MERS® System are available from the previous six reporting cycles, and in ZIP format for 30 days. Contact the MERSCORP Help Desk at (888) 680-6377 for earlier reports.

You can also use a system-to-system method to retrieve your reports. See the [*MERS[®] System Integration Handbook Volume II*](#) for information on using other methods to retrieve report files.

After six processing days, reports are available only in zipped formats. Just download the zipped format and unzip it to view the report.

After thirty days, reports will be archived; you will need to contact the MERS[®] Help Desk if you need to retrieve one of these archived reports, and there will be a fee.

Business Procedure – Requesting a Portfolio Analysis Report

The *Portfolio Analysis Report* is an on-demand report that shows extensive information about the MINs requested, and enables you to select parameters to restrict the search criteria. You can request this report via the MERS[®] OnLine application, from the Reports menu.

The *Portfolio Analysis Report* is available free of charge for the first two report requests per month. Additional reports are available for a fee. When you request a report through MERS[®] OnLine, it will display the number of reports your organization has requested in the current month. It will alert you if you've reached the limit of free reports and will be charged for subsequent reports in that month.

If you request a subsequent report, but the previous report has not yet generated, a Pending Request message will display listing the date the report is scheduled to run. You can proceed with your request to generate another report or cancel it.

When requesting the Portfolio Analysis Report, you are provided with the following options:

Report Schedule capability allows you to choose when the report will be generated. Below are the available Frequency options:

- Every Month-end – last processing day of the month
- Every Quarter-end – last processing day of the quarter
- On Request – the date you want the report to be generated. This date, however, cannot be in the past or greater than sixty days from the current date, and must be a valid MERS® System processing date.

Note and Registration Date Ranges

- For On Request Portfolio Analysis Reports, you can enter data in the Note from and through date fields, and the Registration from and through date fields to designate a specific range.

Report Body (content)

- You can request the data on the report to be shown in Summary or in a Detailed format. If neither option is chosen, the default setting is Detail.

When selecting detail criteria, you have the ability to include only default fields, or choose other fields to include on the report. The report confirmation page will show the specific fields you have selected.

Report Medium

- You have the option to receive your Portfolio Analysis Report in report form or a data file or both. At least one option must be chosen when requesting your report.
- Select MINs
To select the MINs to be included on the report, you will indicate the appropriate Line of Business (LOB). For example, you may want to show all MINs for which you are the Servicer. The LOBs you can choose from are limited to those already selected on your Member Information on the MERS® System.

Group MINs

- The MINs on the report will be grouped by the Line of Business you select on the “Group the Selected MINs by” field. Building on the above example, you can group the MINs for which you are Servicer by Investor. So you’d have a group of Freddie Mac MINs, then a group of Fannie Mae MINs, etc. You can also select which Organizations you want included on your report.

Report Sort Criteria

- When the Report Detail option is selected, you must choose to have the data further sorted either by MIN within a Member’s group of MINs or by Pool/Investor number within a Member.

MIN Status and MIN MOM Values

- You can select MINs with a MOM value of “MOM” or “Non-MOM” or “iRegistration” or “Any”. “Any” will select MOM, Non-MOM, and iRegistration MINs. On the report, MIN status is displayed as I for iRegistration, Y for MOM and N for Non-MOM.
- You can also select MINs with any MIN status or limit the report to MINs with certain MIN statuses (e.g. active, paid in full, pre-closing, etc.)

Reports

The following reports are associated with this procedure. For a detailed description of these reports, see the [*MERS® System Reports Handbook*](#):

- * *Detail Portfolio Analysis Report (OB)*
- * *Summary Portfolio Analysis Report (OC)*

MERSCORP Mail Services

Overview

Members must not use the MERS address as the return address for documents sent to be recorded.

As the mortgagee of record, Mortgage Electronic Registration Systems, Inc. ("MERS") frequently receives mail from organizations that search the county land records to identify the mortgagee(s) with an interest in property. It is also possible, but unlikely, that for the same reason, MERS could receive funds intended for current Servicers or Subservicers. To address these situations and ensure that correspondence is promptly routed to the correct destination, MERSCORP has established a mail facility as part of its operation.

MERS should never receive, and will not forward, mail or service of process for iRegistration loans.

All communication, mail images, and broadcast messages generated by the MERSCORP Help Desk are sent to the Member's email address. Ensure that personnel assigned to manage the mailbox are given the appropriate password and trained to handle and distribute communication received. You can also create email rules to automatically redistribute email to the appropriate persons or departments. See [Training Bulletin 2007-01](#) for subject line conventions.

The MERSCORP Mail Center and Customer Service areas are responsible for the receipt, handling, and scanning of physical mail documents into electronic images. All mail, whether in the form of paper or funds, is indexed to the appropriate MIN and images are routed electronically to the current Servicer or Subservicer for that MIN. The Member's email address given to MERSCORP for official communications from MERSCORP is used to route the images to MERS® System Members. You are responsible for notifying the MERSCORP Help Desk if this email address changes, and for forwarding documents to the new servicer or subservicer if you have sold the loan and not completed the TOS transaction to reflect the transfer on the MERS® System.

The MERS address should not be given directly to organizations that normally direct mail to the Servicer or Subservicer. (For example, hazard insurance companies and taxing authorities.) All types of mail currently received and handled by Servicers continue to be the Servicer's responsibility.

Impact

Document imaging and retrieval affects the following types of organizations:

- Servicers
- Subservicers
- MERSCORP, Inc. Offices

Business Procedure

1. Mail is received by the MERSCORP Mail Center, opened and prepared for electronic scanning.
2. Mail is assigned an Image Control Number (ICN) and scanned by the MERSCORP Mail Center.
3. MERSCORP Mail Center performs a quality assurance review on all images to ensure clarity and legibility.
4. Original documents are filed in a temporary storage area in the MERSCORP Mail Center.
5. Scanned images are transmitted to MERSCORP Customer Service area for routing to correct MERS® System Member.
6. MERSCORP Customer Service attempts to identify the current Servicer or Subservicer of the document image based on the information contained in the document or by using the MERS® System to index the MIN.

Contact the MERS Help Desk whenever your document handling information changes.

If the document images are successfully matched to a MOM (MERS as Original Mortgagee) or Non-MOM (assigned to MERS) MIN, the following occurs:

- Document images are forwarded to the Subservicer if one exists on the MIN, otherwise to the Servicer, by Member's email address. (See [Training Bulletin 2011-04](#) for subject line conventions.)
- MERSCORP Customer Service documents the date and time of this action in its tracking system.

You can create email rules to automatically redistribute email to the appropriate person or department.

If the document image cannot be associated with a MIN, MERSCORP Customer Service will:

- Send broadcast email message (with “Member Notice: Unidentified Mail” in subject line) to all MERS® System Members with borrower name, address, and/or other identifying information (Lot, Block, Parcel, etc.)
- Contact the sender for further identifying information

If the above steps have been taken and the Servicer still hasn’t been identified, MERSCORP will research the county land records*

*A fee may be assessed to the Member not meeting MERS® System Quality Assurance Standards. Please refer to [Announcement 2008-08](#) for details

7. For items successfully routed to the current MERS® System Member Servicer or Subservicer, MERSCORP Customer Service also handles the disposition of the original mail document. Original mortgage documents and funds are forwarded to the Subservicer if one exists on the MIN, otherwise to the Servicer.

You can choose to have original mortgage documents delivered to you by regular mail, or by overnight delivery at your expense.

- For original mortgage documents, MERSCORP Customer Service accesses the Member’s profile in the MERS® System to determine how the Member has designated the documents be forwarded to its operation. MERSCORP Customer Service then ships the documents to the Member using the mailing instructions indicated in the profile. MERSCORP Customer Service updates the date and time of this action in its tracking system.
 - The Regular Address in your Member Profile is used for regular mail.
 - If you have chosen overnight mail, the Overnight Address and overnight account information from your Member Profile is used.
- For funds, MERSCORP Customer Service logs when the funds were received, forwards the remittance plus any accompanying attachments to the MERS® System Member Servicer or Subservicer by overnight delivery, and documents to whom the funds were sent.

- All other unclaimed paper mail is stored in its physical hard copy form for a period of 30 calendar days. At that point, all paper mail is destroyed.

Reports

No reports are associated with this process.

MERSCORP Help Desk

Overview

The MERSCORP Help Desk serves as a point of contact for MERS® System Members in support of the following:

All communication, mail images, and broadcast messages generated by the MERSCORP Help Desk are sent to each Member's official communication from MERSCORP email address. Ensure that personnel assigned to manage the mailbox are given the appropriate password and trained to handle and distribute communication received.

- MERS® System
- Functional questions associated with mortgage banking
- Technical support
- MERS® System connectivity
- Changes to your official communication from MERSCORP email address

Other highlights of the MERSCORP Customer Service/Help Desk are:

- Toll-free access to the Help Desk, 1-888-680-MERS(6377), 8 a.m. to 10 p.m. eastern time, Monday through Friday.
- After hour technical support available for emergency technical issues.
- Broadcast bulletins regarding connectivity or system issues posted for MERS® System Members by email, OnLine broadcast message, and Help Desk Phone System.
- Real-time tracking system used for all open inquiries and issues to ensure timely resolution.
- Online MERS® ServicerID (www.mers-servicerid.org) and telephone Servicer Identification System (SIS) at 1-888-679-MERS(6377) available to general public and Members to provide Servicer contact information at the MIN level. Faxback feature on SIS can confirm Servicer contact information in writing.
- MERS® Link, a browser-based application that provides you information regarding the current Servicer of a mortgage registered on the MERS® System.
- XML Inquiry and Batch Inquiry transactions provide information on loans matching search criteria entered using a system-to-system interface.

- Processing of system enhancement requests submitted from Members via the “Enhancement Request” option available on www.mersonline.org and www.mersinc.org.

Impact

The Customer Service/Help Desk impacts the following types of organizations:

- Members
- MERSCORP, Inc. Offices

Business Procedure—Help Desk

- Member calls the MERSCORP Help Desk at 1-888-680-MERS(6377).
- A Help Desk representative answers the call.
- A record is opened in the tracking system
- One of the following occurs:
 - If the item is a general inquiry or training support issue and does not impact additional users or processing, the Help Desk representative resolves the problem or responds to the Member’s request, updates the tracking record, and no further action is necessary.
 - If the Help Desk representative determines that further action is required:
 - The Help Desk representative coordinates the resolution of the problem with the appropriate MERSCORP area(s) and monitors the progress.
 - An interim status is provided to the Member at a predetermined frequency based on the following service levels.

Initiate Problem Resolution

<u>Description</u>	<u>Service Level</u>
Severity 1 —Significant problem affecting multiple users	Immediately
Severity 2 —Significant problem affecting a single user	Within 2 hours
Severity 3 —Problem has reasonable circumvention; user can continue processing with minimal loss of efficiency or functionality	Within 48 hours, except for scheduled holidays
Severity 4 —User inquiry or problem that does not affect the user	Within 5 days

<u>Description</u>	<u>Service Level</u>
Application Support—Severity 1	4 hours
Application Support—Severity 2	8 hours
Other problems—Severity 1	24 hours
Other problems—Severity 2	48 hours

- ◇ The Help Desk representative confirms with the Member that resolution is acceptable.
- ◇ The Help Desk representative verifies that all action taken has been documented and closes the record in the tracking system.

Business Procedure—MERS® ServicerID

- MERS® System Member or a member of the public accesses MERS® ServicerID at www.mers-servicerid.org.
 - User chooses to search by the MERS® System Mortgage Identification Number (MIN), borrower and/or property information, or FHA/VA/MI certificate.
 - One of three scenarios occurs:
 - If no loan matching those search criteria is found, the system indicates no loans matched the criteria entered.
 - If the MIN/SSN is on file and **active**, the system provides the name, city, state and telephone number of the current Servicer. The borrower can access the name, city, and state of the current Investor by providing more information.

If the loan is an **iRegistration**, the system displays a disclaimer indicating the loan is registered on the MERS® System for informational purposes only, and Mortgage Electronic Registration Systems, Inc, ("MERS") is not the mortgagee on this loan.
 - If the MIN/SSN is on file but **deactivated**, the system provides the name, city, state, and telephone number of the last known MERS® System Servicer.

Business Procedure—Servicer Identification System (SIS)

- MERS® System Member or a member of the general public calls the Servicer Identification System (SIS) at 1-888-679-MERS(6377).
- The SIS prompts the caller to enter a MERS® System Mortgage Identification Number (MIN) or the Social Security Number (SSN) of the primary borrower and property ZIP code (optional).

- One of three scenarios occurs:

- If the MIN/SSN entered by the caller is **not on file**, the system indicates the Servicer/MIN is not on file.
- If the MIN/SSN is on file and **active**, the system provides the name, city, state and telephone number of the current Servicer. The name, city, state and telephone number of the current Investor is also provided unless the Investor has chosen not to disclose their contact information publicly.

If the loan is an **iRegistration**, the system includes a disclaimer indicating the loan is registered on the MERS® System for informational purposes only, and MERS is not the mortgagee on this loan.

- If the MIN/SSN is on file but **deactivated**, the system provides the name, city, state, and telephone number of the last known Servicer.

- If the caller chooses the faxback option, he or she is prompted to enter the 10-digit facsimile number.

- The SIS sends the Servicer name, address and telephone number to the caller by facsimile using the number entered by the caller. The name, city, state and telephone number of the current Investor is also provided unless the Investor has chosen not to disclose their contact information publicly.

Prospective Members can also obtain general MERS® System membership information through this faxback feature.

Business Procedure—MERS® Link

- Any MERS® System Member with access to MERS® OnLine selects the MERSLink option on the MERS® OnLine Main Menu, OR
a MERS® System Member or MERS® Link Subscriber selects the MERS® Link Sign On tab on the corporate website, and enters their Org ID, User ID, and Password to log in.
- MERS® Link prompts the user to enter one or more identifying characteristics on a loan.
- One of two results occurs:
 - If the information entered by the User does not match any loan **on file**, the system indicates that the MIN is not on file.
 - If the information entered by the User does match a loan **on file**, the system provides a loan summary page including Servicer, Investor (unless the Investor has chosen not to disclose their contact information in proprietary applications) and Property Preservation Company information.

Business Procedure—XML Inquiry

XML Inquiry is available both during and outside normal processing hours, except during scheduled maintenance windows. You may send up to 30 requests per minute; for larger volumes, see Batch Inquiry on the next page.

- MERS[®] System Member sends XML Inquiry Request to MERS[®] System, requesting status or summary information for a specific MIN, property, or borrower.
- The MERS[®] System returns a synchronous response containing the requested information for up to 20 loans matching those search criteria. If more than 20 loans match the search criteria, information for the 20 loans registered most recently is returned, with an indicator that more than 20 loans matched the criteria in the request.
- For a status request, the response contains, for each MIN:
 - MIN
 - Status (active, inactive, or Pre-Closing)
 - MOM Indicator (Y for MOM loan, N for Non-MOM or iRegistration)
 - iRegistration Indicator (Y for iRegistration, N for MOM or Non-MOM)
 - Servicer Org ID and Name
 - Subservicer Org ID and Name, if present
 - Investor Org ID and Name, unless the requester is not associated with the loan and the Investor has chosen not to disclose their contact information in proprietary applications
 - Property Preservation Company Org ID and Name, if present
- For a summary request, the response contains the same information included on the MIN Summary page in MERS[®] OnLine; specific fields included depend on whether the requesting Member is associated with the MIN and whether the MIN has been archived.

For more information about the XML MIN Inquiry transaction, see [*MERS[®] Integration Handbook Volume II.*](#)

Business Procedure—Batch Inquiry

- MERS® System Member sends Batch Inquiry via flat file to MERS® System, requesting status or summary information for one or more specific MINs, properties, or borrowers.
- The MERS® System returns a flat file containing the requested information matching those search criteria.
 - For a status request, the response contains, for each MIN:
 - MIN
 - Status (active, inactive, or Pre-Closing)
 - MOM Indicator (Y for MOM loan, N for Non-MOM, or I for iRegistration)
 - Servicer Org ID and Name
 - Subservicer Org ID and Name, if present
 - Investor Org ID and Name, unless the requester is not associated with the loan and the Investor has chosen not to disclose their contact information in proprietary applications
 - For a summary request, the response contains the same information included on the MIN Summary page in MERS® OnLine; specific fields included depend on whether the requesting Member is associated with the MIN and whether the MIN has been archived.

For more information about the Batch Inquiry transaction, including the current parameters for maximum requests in the same file, see [MERS® Integration Handbook Volume II.](#)

Reports

No reports are associated with this process.

Glossary

Acquisition Date	The date of acquisition recognized in the books and records of the Purchaser.
Agency ID	A number assigned by a government agency to uniquely identify a mortgage company.
Assignment	A transfer to another of any property, real or personal, or of any rights or estates in said property.
Associated Member	A MERS® System Member that has been granted inquiry only access to loan information by the Servicer/Subservicer of a mortgage registered on MERS.
Assumption	Taking over by one party of an obligation that was originally incurred by another. In MERS® System, this results in replacement of the Primary Borrower and all Co-Borrowers.
Batch	A group of one or more MINs identified to be included in a Transfer of Beneficial or Servicing Rights transaction.
Batch File	A system-to system transaction used to update the MERS® System .
Batch Inquiry	Transaction used to look up information on loans matching search criteria entered using a flat file format.
Beneficial Rights Transfer	A transfer of the security interest under the mortgage or deed of trust. These transfers are tracked for MERS® System Members on the MERS® System.
BIR	Business Integration Resource. The MERS employee who assists you in incorporating the MERS® System into your business processes.
Bulk Transfer	The process of transferring the servicing rights of multiple loans on the MERS® System in a one-time transaction.
CEMA	Consolidation, Extension, and Modification Agreement. Also known as MECA
Check digit	The final digit of the 18-digit Mortgage Identification Number (MIN), which is calculated using the MOD 10 Weight 2 algorithm.
Co-Borrower	The first borrower listed on the Security Instrument is the Primary Borrower for that loan on the MERS® System. Each additional borrower listed on the Security Instrument is a Co-Borrower for that loan on the MERS® System. Names listed on the Note but not the Security Instrument should be entered as Co-Borrowers on the MERS® System. Names listed on the Security Instrument but not the Note should not be entered on the MERS® System.
Confirmation	The transaction used by an Investor, Servicer, or Subservicer to indicate if a pending transfer transaction should be accepted or rejected.

Contact Types	<ul style="list-style-type: none"> • Accounts Billing (mandatory) Person from the Member's organization designated to receive MERSCORP monthly invoices. IMPORTANT: There can only be one individual designated for this contact type. Any discrepancies should be directed to the MERSCORP Accounting Department at billing@mersinc.org. • Compliance Officer An Officer, who is responsible for regulatory internal requirements for MERS® System Member. • Customer Service Primary (mandatory) Contact from the Member's organization for handling public requests for MERS® System Members • Customer Service Secondary Back-up for Customer Service Primary contact. • eRegistry (mandatory for eRegistry Members) Person who is a contact for MERS® eRegistry questions. • Executive Sponsor (mandatory) The senior executive within the Member's organization under whose management the MERS® System operation falls. • Legal (mandatory) Designated individual at Member's organization responsible for coordinating communication between the MERSCORP Law Department and the Member's internal law department regarding litigation and other legal issues. • Mail Room Contact responsible for handling MERS® System mail for Member. • Operational (mandatory) Person(s) from the Member's organization responsible for overseeing or conducting the day-to-day MERS® System functions. This contact-type appears on Member Search on the corporate website at www.mersinc.org, and in the Member Summary on MERS® OnLine, and MERS® Link. • Property Preservation Contact for handling property preservation for MERS® System Members. This contact-type appears on Member Summary in MERS® OnLine and MERS® Link. • Quality Assurance Officer (mandatory) Officer from the Member's organization responsible for MERS® System Quality Assurance. • System Administrator Primary (mandatory) Person from the Member's organization responsible for setting up unique User ID(s) for each person at your company needing access to MERS® OnLine. This person maintains your organization's User IDs and Roles, including password resets, and keeps your Member Information current. • System Administrator Secondary Back-up for System Administrator Primary. • Technical (mandatory for Members using System to System connectivity) Person from the Member's organization responsible for providing technical support to ensure system compatibility with the MERS® System.
Conversion	The process by which an iRegistration loan is converted to a Non-MOM loan if it is assigned to MERS. Uses the Registration transaction.

Deactivation	When a loan becomes inactive on the MERS [®] System for one of the following reasons: <ul style="list-style-type: none"> • Paid in Full (includes payoff, deed in lieu, short sale, etc.) • Transfer to non-MERS Status • Involuntary transfer/default by Servicer • Involuntary transfer/default by Subservicer • Foreclosure Complete • Deactivated - Assigned from MERS for Default or Bankruptcy
Deactivation Reversal	The process for reactivating a MIN that was deactivated in error.
DTD	Document Type Definition. A file that defines the “markup language” that will be used to describe the data. It defines and names the elements that can be used in the document, the order in which the elements can appear, the element attributes that can be used, and other document features.
EDI	Electronic Data Interchange. The system-to-system exchange of business transactions between one or more business partners in a standard format.
eNote	A Transferable Record as defined by ESIGN or UETA, whichever is applicable.
ESIGN	Electronic Signatures in Global and National Commerce Act. A federal statute that establishes the legal validity and enforceability of electronic signatures, contracts, and other records in interstate and foreign commerce transactions, if not superseded by certain state laws otherwise authorizing such activities.
ETA	Electronic Tracking Agreement. An agreement that is used when a mortgage originator pledges mortgages to a warehouse lender as collateral through a line of credit or other financing arrangement.
FIPS Code	The code assigned by the Federal Information Processing Standards (FIPS) Publications issued by the National Institute of Standards and Technology (NIST) to represent a county or other entity treated as an equivalent legal and/or statistical subdivision of the 50 states, District of Columbia, and the possessions and freely associated areas of the United States.
Flat File Format	This is the optional proprietary format for system-to-system input to the MERS[®] System . Members that are not X12 capable can use this format.
Flow Loan Registration	A loan registered on the MERS [®] System 270 days or less after the note date.
Flow Transfer	MERS defines flow as a Transfer Date 270 days or less after the Note Date . There is no fee for this transaction nor limitations to the number of times a MIN can be included in Flow Transactions.

Foreclosure Status	<p>The field reflecting the current status of a MIN in foreclosure on the MERS® System. “Foreclosure Complete,” “Reinstated or modified (option 1), not assigned back to MERS-deactivate,” and “Assigned from MERS for Default or Bankruptcy” statuses deactivate the MIN. The following is a list of MERS foreclosure statuses:</p> <ul style="list-style-type: none"> • Foreclosure pending (option 2), retained on the MERS® System* • Foreclosure pending (option 3), iRegistration • Reinstated or modified (option 1), assigned back to MERS* • Reinstated or modified (option 1), not assigned back to MERS-deactivation* • Reinstated or modified (option 1), not assigned back to MERS- iRegistration* • Reinstated or modified (option 2)** • Reinstated or modified (option 3) • Foreclosure complete • Foreclosure status reset • Assigned from MERS for Default or Bankruptcy <p>* This option is no longer available.</p> <p>**This option is only available as an update to a loan in pending (option 2) status.</p>
FTP	File Transfer Protocol
Funding Date	<i>Funding Date</i> is defined as the date the borrower becomes obligated for the debt and interest starts to accrue. In some states, this may be different from the date the borrower signs the note, or the date the note is drawn.
GAL Contact	The email address provided by the Member for Service of Process and other MERS® System communications. To change this email address, the Member must contact the Help Desk.
General Public	Refers to any non-MERS Member who requests information. Only selected information will be accessible through an automated servicer identification system and the customer must provide required information to activate and release requested information.
Help Desk	Provides support of MERS® systems and procedures, via telephone and email, to MERS® System Members.
Integration	The process by which a Member completes procedural changes, training, and system testing of transactions prior to being live in the MERS® System.
Interim Funder	Organization with an interim financial interest on a loan prior to the sale of the loan to the permanent Investor , who has chosen to have their secured interest in each loan represented in a way that only they can release on the MERS® System .
Interim Funder Interest	The financial interest on a loan that an organization has prior to the sale of the loan to the permanent Investor . Examples of organizations are warehouse lenders, Wall Street firms, and other parties that extend interim funding to originators.
Intracompany Transfer	Transactions reflecting seasoned servicing transfers between the Org IDs named in a Parent/Child agreement are billed Intracompany Transfer fees rather than Seasoned Servicing Transfer fees.
Investor	The owner of the beneficial interest in a loan.

iRegistration	Loan registered on the MERS® System for information only, where MERS is not the mortgagee. iRegistration loans may be included in transactions (e.g. TOS, TOB, deactivation, foreclosure), but assignment information is optional.
Lender	The payee on the note.
Lien Release	An instrument releasing the security interest recorded in the county land records (also discharge, satisfaction, reconveyance).
Line of Business (LOB)	The types of business in which a Member is active on the MERS® System . These are listed in the Member's Member Profile .
Member	An organization who has signed a Membership Application, received a unique Org ID, and been approved for Integration, but has not completed Resignation.
Member Profile	MERS-specific information about a MERS® System Member that is required at the time of initial setup. The member profile indicates the Member's MERS business process preferences, billing, and other information.
MERS	Mortgage Electronic Registration Systems, Inc., a wholly owned subsidiary of MERSCORP, Inc. MERS acts as the mortgagee of record in the public land records and as nominee for the lender and its successors and assigns.
MERS® 1-2-3	A complete online solution to achieve MERS® Ready status for Lenders that sell loans servicing-released. Through interfaces with approved document preparation companies, it generates a MIN to be presented on a MOM security instrument or assignment. It also warehouses data to pre-populate the fields on the MERS Registration page, thereby eliminating approximately 80% of the required data entry.
MERS® eDelivery	A secure method for distributing eMortgage packages from one MERS® eRegistry Member to another, using the existing MERS® eRegistry infrastructure and transaction security requirements.
MERS® eRegistry	An system of record that identifies the current owner (Controller) and custodian (Location) of the authoritative copy of registered eNotes.
MERS® InvestorID	An initiative to provide more transparency regarding residential mortgage loans.
MERS® Link	Browser-based access to the MERS® System to retrieve information about the current Servicer of a mortgage registered on the MERS® System. If supported by the Servicer, it may have a "hot link" to the Servicer's website for Customer Service information. MERS® Link also can be accessed via the American Land Title Association web site or through a subscription to the service
MERS® Lite Member	A lender that has signed a MERS® System Member Agreement solely so that it can sell loans with MERS as the nominee for the lender on the security instrument to other MERS® System Members. This type of Member sells servicing-released within 30 days of loan closing.
MERS® OnLine	Browser-based access to the MERS® System , found at www.mersonline.org .
MERS® Project Manager	Person responsible for managing the implementation and integration of the MERS® System process into the Member's operations. Receives Integration Surveys, and administrative access to the Corporate Resolution Management System (CRMS).

MERS[®] Servicer ID	Browser-based access to servicer contact information for loans registered on the MERS [®] System. Available to the public at www.mers-servicerid.org .
MERS[®] System	An electronic registry that tracks changes in loans servicing and beneficial ownership rights. Member companies update the registry via MERS[®] OnLine (the browser-based interface) or through batch file or XML interfaces.
MERS[®] System Administrator	Person from the Member's organization responsible for setting up unique User ID(s) for each person at your company needing access to MERS [®] OnLine. This person maintains your organization's User IDs and Roles, including password resets, and keeps your Member Information current.
MERSCORP	MERSCORP, Inc., owns and operates the MERS [®] System, the MERS [®] eRegistry, MERS [®] eDelivery, and MERS [®] Commercial. MERSCORP is the service provider for Mortgage Electronic Registration Systems, Inc.
MIN	Mortgage Identification Number. The MIN is an 18-digit number composed of the 7-digit Organization ID , the 10-digit sequence number, and the check digit.
MIN Archival	The process that removes MINs that have been deactivated on the MERS [®] System. Limited information is still available on the MIN.
MIN Status	The field reflecting the reason for current status of a loan on the MERS[®] System .
MOM	MERS as the Original Mortgagee. Language written into security instruments that establishes MERS as the Original Mortgagee and nominee for the Lender, its successors and assigns.
My MERS	The MERS[®] OnLine functionality that allows Members to create a list of frequently used Org IDs .
Non-MOM	A loan for which MERS is the mortgagee through an assignment.
Note Date	<i>Note Date</i> is the date on the Note. In some states, the date the borrower signs the note, or the date the note is drawn, may or may not be the actual date on which interest begins to accrue (see Funding Date).
Option 1 (beneficial rights)	The lender/seller of the beneficial interest initiates the transfer of beneficial rights outside of MERS (e.g., using MIDANET or MORNET). The Investor sends confirmation of the transfer to MERS through an X12 transaction. Once the X12 file is submitted, it cannot be canceled. Interim funding interests are released automatically when the X12 transaction is processed by the MERS[®] System .
Option 1 MIN Cycling	The automated transaction that reprocesses MINs that have been rejected due to reason of non-registration, when delivery has been attempted to an Option 1 Investor . The cycle and reprocess occurs for 10 calendar days from the effective Transfer Date .
Option 1TOS (Default by Servicer)	An Option 1 Investor may use this transaction to reflect a transfer of servicing on that Investor's loans to another MERS [®] System Member Servicer due to default by the previous MERS Servicer. This transaction is billed to the Investor, and leaves the loan active on the MERS [®] System.
Option 2 (beneficial rights)	In the Option 2 process, the current Investor , Servicer , or Subservicer creates a beneficial rights transfer transaction. Then the new Investor confirms the transfer. Interim funding interests must be released separately.
Optional EDI Format	See Flat File format .

Organization Identification Number (Org ID)	A MERS assigned seven-digit number uniquely identifying a Member of MERS. The seven digits of the Org ID comprise the first seven digits of the 18-digit MIN .
Original Borrower	The entity listed as the borrower on the original note. May be different from the current borrower on a loan if the loan has been assumed.
Original Note Holder	The loan originator, if not a MERS® System Member. Displayed as Originating Organization.
Originating Org ID	The Org ID of the loan originator. This organization's Org ID and Name are displayed as Originating Organization.
Originating Organization	The originator of the loan. If the originator is a MERS® System Member, that Member's Org ID is entered in the Originating Org ID field, and its Org ID and Name are displayed for Originating Organization. If the originator is not a MERS® System Member, the originator's name is entered in the Original Note Holder field and displayed for Originating Organization.
Parent/Child Relationship	Relationship established by MERS on the MERS® System for Members who execute a Parent/Child Agreement. Only the parent Org ID is billed Membership fees.
Passive Investor	An Option 2 Investor that is a MERS® System Member but does not actively confirm transfers to or from it on the MERS® System .
Physical Transfer Date	The date of the loans are transferred in the MERS® System database. This date will be the same as the Transfer Date unless the buyer does not confirm the transfer on time.
Pool Number	The number assigned to a grouping of loans by the Investor ; required for securitization.
Pre-Closing	Loan registered on the MERS® System before the note date with a status of Pre-Closing (not active). May be registered as an active iRegistration, MOM, or Non-MOM when the loan closes, but a Pre-Closing may not be updated or included in any other transaction except Registration Reversal.
Post-Closing	Transaction used to activate a loan previously registered as a Pre-Closing on the MERS® System when the loan closes.
Primary Borrower	The first borrower listed on the Note is the Primary Borrower for that loan on the MERS® System. Each additional borrower listed on the Note is a Co-Borrower for that loan on the MERS® System.
Property Preservation Company	MERS® System Member with which a Servicer or Subservicer contracts to maintain a property.
Property Preservation Contact	Contact for inquiries about maintenance of properties.
Reactivation	The process of activating a previously deactivated MIN for the same borrower, property, and lien type. MINs deactivated by Paid in Full or Foreclosure Complete cannot be reactivated.
Recordation	The act of recording the loan assignment and/or security instrument in the public land records.

Registrar	A company to whom a Member has contracted business activities such that the Registrar would be the initiator of the business activity that triggers a transaction to the MERS [®] System.
Registration	The process of entering required information into the MERS[®] System to report to MERS that a loan exists with MERS as the Mortgagee, or to reflect an iRegistration.
Registration Reversal	The process of reversing a loan that was registered in error.
Sale Date (servicing rights)	In a servicing transfer , the date the contractual servicing rights are transferred from seller to buyer. This date is stipulated in the Purchase and Sale Agreement.
Seasoned Loan Registration	A loan registered on the MERS[®] System more than 270 days after the note date .
Seasoned Transfer	MERS defines “seasoned” as Transfer Date more than 270 days after the note date . A seasoned loan transfer fee is charged to the seller for seasoned servicing transfers.
Security Instrument (SI)	A formal legal document securing repayment of a debt (e.g. mortgage or deed of trust).
Sequence Number	The 10-digit number assigned by the MERS [®] System Member to uniquely identify a loan. The 10 digits of the sequence number comprise the 8 th through 17 th digits of the 18-digit MIN .
Servicer	The entity that has the contractual right to service a loan and responsibility for the servicing of the loan for the Investor . In some cases the Servicer contracts with a Subservicer . If so, both the Servicer and the Subservicer must be MERS[®] System Members to register the loans on the MERS[®] System .
Servicer Identification System (SIS)	Telephone-based access to the MERS[®] System . It allows anyone to query the system to obtain information on the current servicer on a MERS-registered loan. This system was previously named the Voice Response Unit (VRU).
Servicing Rights	The ownership rights of the current Servicer for servicing loans.
Servicing Rights Transfer	The sale of servicing rights from the current Servicer to a new Servicer. These transfers are tracked for MERS [®] System Members on the MERS [®] System.
SIS Number	Servicer Identification System number: 888-679-MERS(6377)
Standard EDI Format	Accredited Standards Committee X12 standard.
Subservicer	The entity with whom the Servicer has contracted to service its loans. The Subservicer is not the legal owner of servicing rights .
System to System	An alternative to using MERS[®] OnLine , it’s a method of transmitting information directly from a Member or vendor system to the MERS[®] System . This includes flat files and EDI X12 transmissions.
TOB	Transaction used to reflect a Transfer of Beneficial rights on the MERS [®] System. See Beneficial Rights Transfer .
TOS	Transaction used to reflect a Transfer of Servicing rights on the MERS [®] System. See Servicing Rights Transfer .

<i>TOS Option 1 (default by servicer)</i>	Transaction used by an Option 1 Investor to reflect a Transfer of Servicing Rights on the MERS® System due to default by servicer.
<i>TOS/TOB Combo</i>	Transaction used to reflect a simultaneous transfer of beneficial rights and servicing rights to an Option 2 Investor. Both flow and seasoned loans may be included in this transfer.
<i>TPO</i>	Third Party Originator. This membership category is available for an organization that will close loans in their name with Mortgage Electronic Registration Systems, Inc. (MERS) as original mortgagee, but will not perform transactions or review reports on the MERS® System
<i>Transfer Cancellation Date</i>	The date the transfer transaction is canceled on the MERS® System if all MIN confirmations and rejections are not received.
<i>Transfer Creation Date</i>	The date that the transfer transaction is initiated on the MERS® System .
<i>Transfer Date (beneficial rights)</i>	The date beneficial ownership of a loan is transferred from one Investor to another. In most cases this will be concurrent with the funding date by the new Investor.
<i>Transfer Date (servicing rights)</i>	According to the Purchase and Sale Agreement between the buyer and the seller, the date the responsibility for servicing the loans passes from seller to buyer.
<i>Transfer to Non-MERS Status</i>	Transaction used to deactivate a loan on the MERS® System when it is assigned out of MERS, transferred to a Non-MERS Member, and/or the Member no longer wishes to track it as an iRegistration on the MERS® System.
<i>UETA</i>	Uniform Electronic Transaction Act. A uniform form of statute that various states have enacted to establish the legal validity and enforceability of electronic signatures, contracts, and other records within the enforcing state; when enacted by a state, it may take the place of the provisions of E-SIGN.
<i>Update</i>	A change to information outside of a previously defined business process (corrections, updates to previously null fields, etc.)
<i>Vendor</i>	A MERS® System Member who performs various transactions on the MERS® System on behalf of another Member under a contractual agreement.
<i>Warehouse/Gestation Lender</i>	Associated Member with an interim financial interest on a loan prior to the sale of the loan to the permanent Investor . Their interest in each loan is released automatically when servicing is transferred. The Warehouse/Gestation Lender has view only access to the loan on the MERS® System.
<i>X12 Format</i>	A predefined non-proprietary layout at a transaction set level. This is the recommended format for system-to-system transmissions to the MERS® System.
<i>XML</i>	Extensible Markup Language. XML is a markup language designed specifically for delivering information over the World Wide Web. In creating an XML document, the user creates and assigns the element names.
<i>XML Inquiry</i>	Transaction used to look up information on loans matching search criteria entered using an XML request.
<i>XML Registration</i>	Transaction used to register loans on the MERS® System using an XML request.